



ALL SIDES



FISCAL CONTROVERSY.

SPEECHES

BY

Mr. CHAMBERLAIN.
Mr. BALFOUR.
Sir Michael HICKS BEACH.
Viscount GOSCHEN.
Mr. RITCHIE.
Lord George HAMILTON.

The Earl of ROSEBERY.
Mr. ASQUITH.
Sir H. CAMPBELL-BANNERMAN.
Sir William HARCOURT.
Mr. John MORLEY.
Sir Henry FOWLER.

WITH

APPENDIX AND COMPLETE INDEX OF
SUBJECTS DISCUSSED.

EDITED BY

T. L. GILMOUR.

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CONTENTS.

	PAGE
Editor's Preface	vii
Mr. Chamberlain at Birmingham, May 15th	I
Mr. Balfour at Sheffield, October 1st	14
Mr. Chamberlain at Glasgow, October 6th	27
Mr. Chamberlain at Greenock, October 7th	45
Mr. Asquith at Cinderford, October 8th	60
Mr. Ritchie at Croydon, October 9th	74
Sir H. H. Fowler at Glasgow, October 12th	87
The Earl of Rosebery at Sheffield, October 13th... ..	102
Sir Henry Campbell-Bannerman at Bolton, October 15th	120
Viscount Goschen at Passmore-Edwards' Hall, October 16th	132
Mr. John Morley at Manchester, October 19th	142
Mr. Chamberlain at Newcastle, October 20th	157
Mr. Chamberlain at Tynemouth, October 21st	174
Lord George Hamilton at Ealing, October 22nd... ..	187
Mr. Asquith at Newcastle, October 24th	203
Mr. Chamberlain at Liverpool, October 27th	215
Sir W. V. Harcourt at Rawtenstall, October 31st... ..	232
Mr. Chamberlain at Birmingham, November 4th	245
Sir Michael Hicks Beach at Manchester, November 5th	264
Viscount Goschen at Liverpool, November 6th	277
The Earl of Rosebery at Leicester, November 7th	294
Appendix: Letters of Resignation... ..	307
Index	316

EDITOR'S PREFACE.

VERY few words will suffice to explain the object of the present publication. No more important subject has engaged the attention of the public, within living memory, than the controversy arising out of Mr. Chamberlain's fiscal proposals. Its importance is only equalled by its complexity. It cannot be said that there is any lack of material for judgment. Indeed, the ordinary citizen may complain that he is surfeited with facts, figures, illustrations and arguments. The object of the present volume is not to add to the existing embarrassment of riches, but by a process of selection and presentation to place at the disposal of the general public the most authoritative statements obtainable of the arguments for and against Mr. Chamberlain's proposals. The method adopted is entirely non-partisan. I have reprinted a series of twenty-one of the most important speeches on the fiscal question, in chronological order, so that the student may have within the covers of a single volume Mr. Chamberlain's proposals, the criticisms to which those proposals have been subjected, and Mr. Chamberlain's reply to his critics. To assist in the systematic study of the problem I have prepared what may be termed an Index-Synopsis, by the aid of which it will, I trust, be found possible to follow the arguments on any particular branch of the subject as they are expounded by the different speakers.

The controversy is still raging, but a line had necessarily to be drawn somewhere. I have drawn it at November 7th.

All the speeches selected were delivered on or before that date. There were other speeches I should like to have given: but considerations of space could not be ignored.

Most of the speeches have been revised by the speakers, and to those who have helped me in this way I desire to express my thanks. For permission to make use of their reports I have gratefully to acknowledge the courtesy of the *Morning Post*, the *Scotsman*, the *Glasgow Herald*, the *Manchester Guardian*, the *Newcastle Chronicle* and the Press Association. I am also indebted to various political associations for permission to make use of certain of the speeches which they have published separately.

No pains have been spared to make the reports and the index as accurate as possible; but the work has necessarily been done under great pressure, and if any error has crept in I must plead that pressure as an excuse.

T. L. GILMOUR.

3, ELM COURT, TEMPLE,
November 9th, 1903.

Mr. Chamberlain at Birmingham.

15TH MAY, 1903.

I THANK you from the bottom of my heart for the warmth of your welcome, and for the assurance, which is always delightful to me, of your continued confidence and support. Mr. Jephcott is quite right when he says that I am proud of being the representative of West Birmingham of an essentially working-class constituency. I have ventured before now in the House of Commons to claim that I represented more labour than any other Labour representative, and I do not think the less of that position because I believe that I represent labour in no narrow and selfish sense. I represent labour as it constitutes the majority of the people of this country, and as it is characterized by the virtues and the qualities that have made this country what it is—labour, which thinks not of itself as a class opposed to any other class in the community, but as responsible for the obligations of the country and the Empire to which it belongs, and as a participator in all that concerns the prosperity and the welfare of the whole.

It is now two months since I returned home from a
A memorable voyage. voyage which will always be one of the most memorable incidents of my life; but I have not forgotten, and I shall never forget, that my constituents and fellow-citizens sent me forth to make that great experiment encouraged by their good wishes and by the most splendid and inspiring demonstration that was ever accorded to any public man. It was to me also a matter of greatest gratification that when I returned, the first to greet me on these shores was a deputation from you, my friends and constituents, assuring me of your welcome home and of your congratulations. And during the interval between those two events I was constantly reminded of you. I could come to no great city in South Africa, hardly to any village or wayside station, but I was cheered by the presence and the enthusiasm of Birmingham men, proud to recall their connection with our city and anxious to prove that neither time nor distance had lessened their affection for their old home.

I go back often to my old associations. I think of the time when I entered on public life, thanks to the support of those who in St. Paul's Ward sent me to the Town Council of Birmingham, and among all my recollections of none am I prouder than of the fact that I was permitted at that time to co-operate with men, our then leaders, most of whom have passed away, but who have left behind them an imperishable legacy, who have impressed on us and instilled into our lives that intense feeling of local patriotism which makes it the duty of every Birmingham man at home and abroad to maintain and to raise the reputation of the city from which he came. On my return, as is right and proper, I am called on to make my first political speech to my constituents.

**Out of touch
with party
politics.**

You will excuse me if I am a little out of touch with party politics. It is true that in South Africa I did a deal of talking, but I am bound to say that my party weapons are a little rusty. When I was in South Africa it was not of our controversial politics that I was speaking, and for a considerable period my whole mind was turned towards the problems connected with the birth of a new nation in South Africa—local politics, if you please—and above all to the question of how it was possible to reconcile the two strong races who were bound to live together there as neighbours, and who I hope will live together as friends. I had to think also of how these races would be concerned in the future of the Empire which belongs to both of them, Dutch and English—great people with many virtues in common but still with great differences. And who would wish that the traditions of either should be forgotten, that their peculiarities should disappear? Yet we have to make of them a united nation.

**Different races
but one
people.**

Here in the United Kingdom we have different races, but one people. It would be rather difficult, I imagine, that an Englishman should feel exactly the same in regard to, let us say, Bannockburn as a Scotsman would do. Yet both Scottish and English may equally be proud of having had their full part in Waterloo or Trafalgar. Why should it not be the same? I ask of no Dutchman that he should forget any of his traditions of which he may justly be proud, that he should abandon any of the peculiarities or prejudices of his race any more than I would ask it of any Briton. But my confident hope and belief is that in the future both these representatives of different races will be able to co-operate and to create for themselves a common existence in which they may have a pride. It is, therefore, to the Empire with all that it means that I look in order to produce that union in South Africa which we all desire to achieve. But you will understand that in the absorbing preoccupation of these thoughts, in a work which strained every nerve and which filled every waking moment I had no time to keep myself abreast of purely party politics in this country. I am still under the glamour of this new experience. My ideas even now run more on those questions which are connected with the future of the Empire than they do on the smaller controversies on which depend the fate or

bye-elections and sometimes even the fate of Governments. When you are 6,000 miles away from the House of Commons it is perfectly extraordinary how events and discussions and conflicts of opinion present themselves in different—I think I may even say in truer proportion.

Home questions and Imperial policy. You are excited at home about an Education Bill, about temperance reforms, about local finance. Yes, I should be if I had remained at home, but these things matter no more to South Africa, to Canada, to Australia, than their local affairs matter to you, and on the other hand everything that touches Imperial policy, everything which affects their interests as well as yours, has for them, as it ought to have for us, a supreme importance, and our Imperial policy is vital to them and vital to us. On that Imperial policy and what you do in the next few years depends the enormous issue whether this great Empire of ours is to stand together one free nation, if necessary against all the world, or whether it is to fall apart into separate States, each selfishly seeking its own interest alone, losing sight of the common weal and losing also all the advantages which union alone can give.

The state of parties. I came here, as I have said, after an experience which seems to me now almost a dream, and I find that here it has not been Imperial but local questions which were filling the minds of the people of this country. The political meteorologist had been at work, and had been predicting in the course of a few short months disaster and confusion to the Unionist Party. The Opposition were occupied in greedily apportioning the spoils of victory which they anticipated, just as the Boers before the war were casting lots for the farms which they expected to wrest from their British possessors. When I inquired what had happened to suggest the depression on the one side and the elation on the other, I was told that a reaction was in progress, that the Education Bill had caused many persons to leave the Unionist Party, that “caves” were being formed, that younger members of the party, tired of the monotony of a loyal support, had sought a freer and more strenuous life as political troglodytes in the “caves” of their selection. I was told that the bye-elections were going against the Government. I was told that the constituencies were prepared to forgive the Pro-Boers their want of patriotism, and the Little Englanders their want of courage, and that they were now ready to give to Home Rule and the Newcastle Programme a new chance.

The calm of the illimitable veldt. Well, it may be that I am less sensible to sudden emotion since I returned from my travels in South Africa. The calm which is induced by the solitude of the illimitable veldt may have affected my constitution. At any rate, I was not moved by those depressing statements. And when I came to examine the particular elections from which so much was anticipated, when I found that in one of them the Liberal Party, so-called, had gained a supporter in a gentleman who proposed to hand back the Transvaal to the Boers, and at the same time had gained

another supporter in a gentleman who professed himself to be a sincere Imperialist, thoroughly convinced of the justice of the war, when I found that Sir Wilfrid Lawson declared that he came to Parliament in order to confiscate the property of every publican, and that Dr. Hutchinson came to Parliament determined to give compensation to every publican, and that all of these were going to join the Liberal Party, it seemed to me that the combination was not so terrible. While I was prepared to congratulate Sir Henry Campbell-Bannerman on the flexibility of adaptation which his followers displayed, while I was disposed to say as of Cleopatra, "Age cannot wither nor custom stale its infinite variety," I was not prepared to unduly excite myself as to the prospects of the Government and its supporters.

**Ups and
downs in
politics.** There must be ups and downs in politics. I have had now a long experience, and I will safely predict of any Government that if it endeavours honestly to grapple with the great problems of its time it will lose a certain amount of support. You cannot deal with any domestic question and find an absolutely united party to support it; and the more bold your policy, the more drastic the changes which you propose to bring about, the more certain it is that you will pay the price, for the time at any rate, in the votes of a certain number of those whose support really you greatly value. Well, but that is the business of the Government. In ordinary circumstances, the business of the Government is to spend itself in doing what it thinks to be right. When it has spent all that it has got it makes room for its successors. And let me say in all seriousness that if I were assured that the main lines of our Imperial and national policy, those things which touch our existence, were assured, and that there was that continuity in foreign and colonial policy which I have known to exist in past times, I for one should be very willing indeed to allow to my political opponents their chance in their turn to try their hands at the difficult domestic problems with which we have to deal. After eight years of such strenuous work as seldom falls to the lot of a politician, I can say for myself, and I believe I can say for all my colleagues, I would rejoice if I could be relieved, at all events for a time, and if I could occupy, instead of the post of a prominent actor, the much more easy and less responsible post of universal critic.

**Home Rule
and the
Empire.** But what I do want in order to face the future, not only without regret but with absolute relief and rejoicing, is to know that the party which would take our place has frankly abandoned that disastrous policy of Home Rule, which would begin by the disruption of the United Kingdom, and which would end in the disruption of the Empire. For, believe me, it is borne in on me now more than ever; you cannot weaken the centre without destroying all that depends on the centre. If you want an Empire you must be strong and united at home. If separation begins here, take my word for it it will not stop here. The Empire itself will be dissolved into its component atoms. If I could believe, however, that our opponents had frankly abandoned Home Rule, if

Sir Henry Campbell-Bannerman, as the leader of the Party, should divest himself of that curious antagonism to everything British which makes him the friend of every country but his own, if I thought that his followers were animated by that broader patriotism by which alone our Empire can be held together, then, indeed, I would be the first to sing "*Nunc dimittis*." But this assurance is wanting.

A National and Imperial policy. I have read with care and interest all the speeches that have been made by the leaders of the Liberal Party, and in none of them do I find a frank acceptance of that national and Imperial policy which I believe at the present time is the first necessity of a united kingdom. As long as that is the case, however anxious I may be personally for rest, I confess I cannot look forward without dread to handing over the security and existence of this great Empire to the hands of those who have made common cause with its enemies, who have charged their own countrymen with methods of barbarism, and who apparently have been untouched by that pervading sentiment which I found everywhere where the British flag floats, and which has done so much in recent years to draw us together. I should not require to go to South Africa in order to be convinced that this feeling has obtained deep hold on the minds and hearts of our children beyond the seas. It has had a hard life of it, this feeling of Imperial patriotism. It was checked for a generation by the apathy and the indifference which were the characteristics of our former relations with our Colonies, but it was never extinguished. The embers were still alight, and when in the late war this old country of ours showed that it was still possessed by the spirit of our ancestors, and that it was still prepared to count no sacrifice that was necessary in order to maintain the honour and the interests of the Empire, then you found a response from your children across the seas that astonished the whole world by a proof, an undeniable proof, of affection and regard.

I have said that that was a new chapter—the beginning of a new era. Is it to end there? Are we to sink back into the old policy of selfish isolation which went very far to dry and even to sap the loyalty of our colonial brethren? I do not think so. I think these larger issues touch the people of this country. I think they have awakened to the enormous importance of a creative time like the present, and of taking advantage of the opportunities offered in order to make permanent what has begun so well. Remember, we are a kingdom, an old country. We proceed here on settled lines. We have our quarrels and our disputes, and we pass legislation which may be good or bad; but we know that, whatever changes there may be, at all events the main stream will ultimately reach its appointed destination. That is the result of centuries of constitutional progress and freedom.

The Empire in its infancy. But the Empire is not old. The Empire is new—the Empire is in its infancy. Now is the time when we can mould that Empire and when we and those who live with us can decide its future destinies. Just let us consider.

what that Empire is. I am not going to-night to speak of those hundreds of millions of our Indian and native fellow subjects for whom we have become responsible. I consider for the moment only our relations to that white British population that constitutes the majority in the great self-governing colonies of the Empire. Here in the United Kingdom there are some forty millions of us. Outside there are ten millions of men either directly descended from ancestors who left this country or more probably men who themselves in their youth left this country in order to find their fortunes in our possessions abroad. How long do you suppose that this proportion of population is going to endure? The development of those colonies has been delayed by many reasons—partly as I think by our inaction, partly by the provincial spirit which attaches undue importance to the local incidents and legislation of each separate State and gives insufficient regard to the interests of the whole, but mainly probably by a more material reason—by the fact that the United States of America has offered a greater attraction to British emigration.

The United States filling up.

But that has changed. The United States, with all their vast territory, are filling up; and even now we hear of tens of thousands of emigrants leaving the United States in order to take up the fresh and rich lands of our colony in Canada. It seems to me not at all an impossible assumption that before the end of this present century we may find our fellow subjects beyond the seas as numerous as we are at home. I want you to look forward. I want you to consider the infinite importance of this not only to yourselves but to your descendants. Now is the time when you can exert influence. Do you wish that if these ten millions become forty millions they shall still be closely, intimately, affectionately united to you, or do you contemplate the possibility of their being separated, going off each in his own direction, under a separate flag? Think what it means to your power and influence as a country; think what it means to your position among the nations of the world; think what it means to your trade and commerce—I put that last.

The influence of the Empire.

The influence of the Empire is the thing I think most about, and that influence, I believe, will always be used for the peace and civilization of the world. But the question of trade and commerce is one of the greatest importance. Unless that is satisfactorily settled, I for one do not believe in a continued union of the Empire. I hear it stated again and again by what I believe to be the representatives of a small minority of the people of this country, those whom I describe, because I know no other words for them, as "Little Englanders"—I hear it

Trade with Colonies and foreign countries.

stated by them, what is a fact, that our trade with those countries is much less than our trade with foreign countries, and therefore it appears to be their opinion that we should do everything in our power to cultivate that trade with foreigners, and that we can safely disregard the trade with our children. That is not my conclusion. My conclusion is exactly the opposite. Look into the future. I say that it is the

business of British statesmen to do everything they can, even at some present sacrifice, to keep the trade of the Colonies with Great Britain to increase the trade, to promote it, even if in doing so we lessen somewhat the trade with our foreign competitors.

Are we doing everything at the present time to direct the patriotic movement, not only here but through all the Colonies, in the right channel? Are we by our legislation and by our action making for union or are we drifting to separation? That is a critical issue. In my opinion the germs of a federal union that will make the British Empire powerful and influential for good beyond the dreams of anyone now living, the germs of that union are in the soil, but it is a tender and delicate plant, and requires careful handling.

I wish you would look back to our history, and consider what might have been in order that you may be influenced now to do what is right. Supposing when self-government was first conceded to these colonies the statesmen who gave it had had any idea of the possibilities of the future, do you not see that they might have laid broad and firm the foundations of an Imperial edifice in which every part would have contributed something to the strength of the whole? But in those days the one idea of statesmen was to get rid of the whole business. They believed that separation must come. What they wanted to do was to make it smooth and easy, and none of those ideas which subsequent experience has put into our minds appears ever to have been suggested to them. By their mistakes and by their neglect our task has been made more difficult but not impossible. There is still time to consolidate the Empire. We also have our chance, and it depends on what we do now whether this great idea is to find fruition or whether we are for ever to dismiss it from our consideration and to accept our fate as one of the dying Empires of the world.

Now, what is the meaning of an Empire? What does it mean to us? We have had a little experience. We have had a war, a war in which the majority of our children abroad had no apparent direct interest. We had no hold over them of any kind, and yet at one time during this war, by the voluntary decision of these people, at least 50,000 Colonial soldiers were standing shoulder to shoulder with British troops, displaying a gallantry equal to their own and the keenest intelligence. It is something for a beginning, and if this country were in danger, I mean if we were, as our forefathers were, face to face some day—Heaven forbid—with some great coalition of hostile nations, when we had with our backs to the wall to struggle for our very lives, it is my firm conviction there is nothing within the power of these self-governing colonies they would not do to come to our aid. I believe their whole resources in men and in money would be at the disposal of the Mother Country in such an event. That is something—something which it is wonderful to have achieved, and which it is worth almost any sacrifice to maintain.

**The Colonies
and the
war.**

So far as the personal sacrifices involved risking your life and encountering every hardship the Colonies did their duty in the late war. If it came to another question, the question of the share they bore in the pecuniary burden which the war involved—well, I think they might have done more. I did not hesitate to tell my fellow-subjects in the Colonies of South Africa, whether in the new Colonies or in the old ones, that, though they had done much, they had not done enough; that they had left substantially the whole burden on the shoulders of the Mother Country, and that in the future, if they valued Empire and its privileges, they must be prepared to take a greater share of the obligations. If I had been speaking in Australia or in Canada I would have said the same thing, and perhaps I should have been inclined to say it even in stronger terms, and if I may judge by the reception of my utterances in South Africa I should give no offence by this frank speaking.

There is something, however, to be remembered on behalf of our Colonies, and that is that this idea of a common responsibility is altogether a new one, and we have done nothing to encourage it. It is presented to them in the light of a new tax, and people have an extraordinary way of regarding a new tax with a suspicion—and even with a dislike. But what happened? I spoke in Natal, and

Natal.

people of Natal responded by taking on their shoulders a burden which for a small colony was considerable, and which they had thought of placing on ourselves. I spoke in the Transvaal and the representatives of every class in the Transvaal,

**The
Transvaal.**

and none more enthusiastically than the working people, took on themselves a burden of £80 per head of the white population, a burden which indeed the riches of the country justified, but which was something altogether in excess of any similar obligation placed on any other country in the world. I spoke in Cape Colony and only in Cape Colony, owing to the division of opinion which has prevailed there, I

Cape Colony.

neither expected nor asked for a contribution towards the war. I do not know whether I shall be disappointed, but I do expect that in the time to come Dutch and English will both feel, as the Empire belongs to them as well as to us, bound to contribute towards the future expenditure of the country more liberally than they have done in the past. All have done something, and, to my mind, it is a great thing to get the principle accepted. I think it depends on us whether in future the application of this principle should be with greater liberality, or whether, as I have said, we are all to fall back, each to care for himself and "The devil take the hindmost." My idea

**Every
advance by
the Colonies
should be
reciprocated.**

of British policy, I mean the policy of the United Kingdom, is that here at the beginning of this new chapter we should show our cordial appreciation of the first step to be taken by our Colonies to show their solidarity with us. Every advance which they make should be reciprocated. We should set ourselves a great example of

community of interest, and, above all, that community of sacrifice on which alone the Empire can permanently rest.

I have admitted that the colonies have hitherto been backward in their contributions towards Imperial defence. They are following their own lines. I hope they will do better, but in the meantime they are doing a great deal, and they are trying to promote this union, which I regard as of so much importance, in their own way and by their own means. And first among those means is the offer of preferential tariffs. That is a matter which at the present moment is of the greatest possible importance to every one of you. It depends on how we treat

**The offer of
preferential
tariffs.**

this policy of the colonies—not a policy inaugurated by us, but a policy which comes to us from our children abroad—it depends on how we treat it, whether it is developed in the future, or whether it is withdrawn as

being non-acceptable to those whom it is sought to benefit. The other day, immediately after I left South Africa, a great conference was held for the first time of all the colonies in South Africa, the new colonies as well as the old. Boers and the Dutch were represented, as well as the British, and this conference recommended the other Legislatures of the different colonies to give to us, the Mother Country, a preference on all dutiable goods of 25 per cent. Last year at the Conference of Premiers, the representatives of Australia and New Zealand accepted

**The
Conference
of Premiers.**

the same principle. They said that in their different colonies there might be some difference of treatment, but so far as the principle was concerned they pledged themselves to recommend to their constituents a

substantial preference in favour of goods produced in the Mother Country. Now that, again, is a new chapter in our Imperial history, and again I ask, is it to end there?

**The
experience of
Canada.**

In my opinion these recommendations and these pledges will bear fruit just in proportion as you show your appreciation of them, and they will depend largely on the experience of Canada, which has been their precursor in a similar movement. Canada is the greatest and the most prosperous of our self-governing colonies at the present time. It is in the full swing of an extraordinary prosperity, which I hope and believe will lead to a great increase in its population, its strength, and its importance in the constellation of free nations which constitutes the British Empire. Canada is of all our colonies the most backward in contributing to common defence, but Canada has been the most forward in endeavouring to unite the Empire by other means, namely, by strengthening our commercial relations and by giving to us special favour and preference. If we appreciate this action properly, it seems to me that not only is it certain that every other colony of the Empire will necessarily and in due time follow this example, but that Canada herself and the other colonies also, as the bonds are drawn closer, as we become more and more one people, united by interest as well as by sentiment, will be more and more ready to take its fair share in those burdens of defence to which I have referred. My policy which I wish to make

**The Colonies
to be met—
not forced.**

clear to you, is not to force our colonies—that is hopeless, they are as independent as we are—but to meet everything they do. If they see a way of drawing the Empire together let us help them in that, even if they may not be prepared to join us in some other way by which we think the same result would be achieved. But let us be prepared to accept every indication on their part of this desire; let us show we appreciate it and believe me it will not be long before all will come into line, and the results which follow will be greater than, perhaps, it would be prudent now to anticipate.

**The
Canadian
preference.**

What has Canada done for us? Canada in 1898 freely and voluntarily of her own accord, as a recognition of her obligations to the Mother Country, as a recognition especially of the fact that we were the greatest of the free markets open to Canadian produce, gave us a preference on all dutiable goods of 25 per cent. In 1900 she increased that preference, also freely of her own accord, to 33 $\frac{1}{3}$ per cent. I have had occasion to point out that the results of this great concession have been to a certain extent in some respects disappointed. The increase in our trade with Canada has been very great, but it has not increased largely out of proportion to the increase of the trade between Canada and other countries. But this remains true, that whereas before these concessions the trade of this country with Canada was constantly getting less and less, that reduction has been stayed and the trade has continually increased, and, to put it in a word, the trade between our colony of Canada and the Mother Country, which was six and a half millions in 1897-98, is now carried on at a rate of, probably, a good deal more, but at all events I will say, to be safe, of eleven millions sterling in the present year. The increase is chiefly in textile goods and in manufactures of hardware and iron and steel. At the same time, whereas the percentage of the total trade had fallen from 40 per cent., I think, or at all events from a large percentage, to 23 $\frac{1}{2}$ per cent., in these last two years it has been gradually climbing up again, and it has now reached for the present year 26 $\frac{1}{2}$ per cent. That is an important result.

**Canada's
further
offer.**

But the Ministers of Canada, when they were over here last year, made me a further definite offer. They said: "We have done for you as much as we can do voluntarily and freely and without return. If you are willing to reciprocate in any way, we are prepared to reconsider our tariff with a view of seeing whether we cannot give you further reductions, especially in regard to those goods in which you come into competition with foreigners, and we will do this if you will meet us by giving us a drawback on the small tax of 1s. per quarter which you have put on corn." Well, that was the offer which we had to refuse. I must say that if I could treat matters of this kind solely in regard to my position as Secretary of State for the Colonies I should have said: "That is a fair offer, that is a generous offer from your point of view, and it is an offer which we

might ask our people to accept." But speaking for the Government as a whole, not in the interests of the Colonies, I am obliged to say that it is contrary to the established fiscal policy of this country, and that we hold ourselves bound to keep an open market for all the world even if they close their markets to us, and that therefore, so long as that is the mandate of the British public, we are not in a position to offer any preference or favour whatever even to our own children. We cannot make any difference between those who treat us well and those who treat us badly. Yes, but that is the doctrine which I am told is the accepted doctrine of the Free Trader, and we are all Free Traders. Well, I am. I have considerable doubt whether the interpretation of Free Trade which is current among a certain limited section is the true interpretation. I am perfectly certain

Our established fiscal policy. that I am not a Protectionist. But I want to point out if the interpretation is that our only duty is to buy in the cheapest market, without regard as to whether we can sell, if that is the theory of Free Trade which finds acceptance here and elsewhere, then in pursuance of that policy you will lose the advantage of further reduction in duty which your great Colony of Canada offers to you manufacturers of this country; and you may lose a great deal more, because in the speech which the Chancellor of the Exchequer, Minister of Finance as he is called in Canada, made to the Canadian Parliament the other day, which he has just sent me, I find he says that if they are told definitely that the Mother Country can do nothing for them in the way of reciprocity they must reconsider their position and reconsider the preference that they have already given. Well, these are big questions, and this particular question is complicated in a rather unexpected manner.

The interpretation of Free Trade. The policy which prevents us from offering an advantage to our Colonies prevents us from defending them if they are attacked. Now, I suppose you and I are agreed that the British Empire is one and indivisible. You and I are agreed that we absolutely refuse to look upon any of the States that form the British Empire as in any way excluded from any advantage or privilege to which the British Empire is entitled. We may well, therefore, have supposed that an agreement of this kind, by which Canada does a kindness to us, was a matter of family agreement concerning nobody else. But unfortunately Germany thinks otherwise. There is a German Empire. The German Empire is divided into States—Bavaria, and let us say Hanover, Saxony, and Wurtemberg. They may deal between themselves in any way they please. As a matter of fact they have entire free trade among themselves. We do not consider them separate entities; we treat the German Empire as a whole. We do not complain because one State of the German Empire gives an advantage to another State in that Empire and does not give it to all the rest of the world. But in the case of Canada Germany insists on treating Canada as though it were a separate country, and it has penalised Canada by placing on Canadian goods an additional duty. Well, now the reason for that is clear. The German

newspapers frankly explain that this is a policy of reprisal, and that it is intended to deter other colonies from giving to us the same advantage. Therefore it is not merely punishment inflicted by Germany upon Canada, but it is a threat to South Africa, to Australia, and to New Zealand. And this policy of dictation and interference is justified by the belief that we are so wedded to our fiscal system that we cannot defend our Colonies, and that any one of them which attempts to establish any kind of special relations with us does so at its own risk, and must be left to bear the brunt of foreign hostility.

Humiliating position. In my mind that is putting us in a rather humiliating position. I do not like it at all. I know what will follow if we allow it to prevail. It is easy to predict the consequences. How do you think that in such circumstances we can approach our Colonies with appeals to aid us in promoting the union of the Empire, or ask them to bear a share of the common burdens? They will say that the privileges of Empire appear to be—if we treat you as relations and friends and show you kindness, you who benefit by our action can only leave us alone to fight our own battles against those who are offended by our action. Now, is that Free Trade? I am not going further to-night. My object is to put the position before you, and, above all, as I have just come home from great colonies, I want you to see these matters as they appear to our colonial fellow subjects.

An absolute new situation. I said just now, is this Free Trade? No, it is absolutely a new situation. There has been nothing like it in our history. It was a situation that was never contemplated by any of those whom we regard as the authors of Free Trade. What would Mr. Bright, what would Mr. Cobden, have said to this state of things? I do not know. It would be presumptuous to imagine; but this I can say. Mr. Cobden did not hesitate to make a treaty of preference and reciprocity with France, and Mr. Bright did not hesitate to approve his action, and I cannot believe, if they had been present among us now and known what this new situation was, I cannot believe that they would have hesitated to make a treaty of preference and reciprocity with our own children. Well, you see the point. You want an Empire. Do you think it better to cultivate trade with your own people or to let that go in order that you may keep the trade of those who rightly enough are your competitors and rivals? I say it is a new position. I say the people of this Empire have got to consider it. They have two alternatives before them. They may maintain if they like in all its severity the interpretation, in my mind an entirely artificial and wrong interpretation, which has been placed on the doctrines of Free Trade by a small remnant of Little Englanders, of the Manchester School, who now profess to

The two alternatives.

be the sole repositories of the doctrines of Mr. Cobden and Mr. Bright. They may maintain that policy in all its severity, though it is repudiated by every other nation and by all your own colonies. In that case they will be absolutely precluded either from giving any kind of preference

or favour to any of their colonies abroad, or even protecting their colonies abroad when they offer to favour us. That is the first alternative.

A self-sustaining and self-sufficient Empire. The second alternative is that we should insist that we will not be bound by any purely technical definition of Free Trade, that, while we seek as one chief object, free interchange of trade and commerce between ourselves and all the nations of the world, we will, nevertheless, recover our freedom, resume that power of negotiation and, if necessary, retaliation whenever our own interests or our relations between our colonies and ourselves are threatened by other people. I leave the matter in your hands. I desire that a discussion on this subject should be opened. The time has not yet come to settle it, but it seems to me that for good or for evil this is an issue much greater in its consequences than any of our local disputes. Make a mistake in legislation. Yet it can be corrected. Make a mistake in your Imperial policy. It is irretrievable. You have an opportunity; you will never have it again. I do not think myself that a General Election is very near; but whether it is near or distant I think our opponents may perhaps find that the issues which they propose to raise are not the issues on which we shall take the opinion of the country. If we raise an issue of this kind the answer will depend not on petty personal considerations, not on temporary interests, but on whether the people of this country really have it in their hearts to do all that is necessary, even if it occasionally goes against their own prejudices, to consolidate an Empire which can only be maintained by relations of interest as well as by relations of sentiment. And for my own part I believe in a British Empire, in an Empire which, though it should be its first duty to cultivate friendship with all the nations of the world, should yet, even if alone, be self-sustaining and self-sufficient, able to maintain itself against the competition of all its rivals. And I do not believe in a Little England which shall be separated from all those to whom it would in the natural course look for support and affection, a Little England which would then be dependent absolutely on the mercy of those who envy its present prosperity, and who have shown they are ready to do all in their power to prevent its future union with the British races throughout the world.

Mr. Balfour

at Sheffield.

1ST OCTOBER, 1903.

I MEAN to talk to you to-night on one subject, and one subject alone, not because there are not many other topics of deep interest to this nation on which I should like to address you, but because I am well aware that you first want to hear what I have to say on the subject of tariff reform, and that if that subject is to be dealt with at all it had better not be limited by the introduction of other and alien themes. Now, this is not a new subject. It is not a new subject in this hall. It is not a new subject as discussed by the National Union of Conservative Associations. On the contrary, all who will look back over the records of this great association, drawn from every part of England, whom I now have the honour to address, may convince themselves that the subject of tariff reform has been never absent or but rarely absent from your deliberations, and that, at all events within the limits of my political recollection, there have ever been a great variety of opinion held on this subject within the limits of one united party. Well, what is it, ladies and gentlemen, which has suddenly brought this topic forward?

What has suddenly brought this topic—often before you before—into that exceptional prominence which it now holds? There are those who would attribute this new importance which it has acquired to a great speech delivered by a great man, in the month, I think it was, of May last. But, after all, it was not in May last that Mr. Chamberlain first uttered the sentiments which he expressed with such burning eloquence, and something more is required to account for a phenomenon unparalleled in the political experience of any man whom I am now addressing.

What, then, is the reason why tariff reform has come so much to the front? I attribute it to more than one cause. In the first place, remember that the late war has brought us into closer and more conscious touch with the great Colonial Empire, of which this country is the centre. Remember, also, that the Prime Ministers and representatives of those colonies brought before this country and the Empire, in the most categorical and

Action of
the Colonies.

explicit terms, the question of tariff reform in connection with our Colonial Empire; and remember, also, that there has been for some time past—long, indeed, before the recent development of this tariff controversy—there has been a great uneasiness among all parties, and among men of the most varied opinions, a growing uneasiness as to the condition of British trade in its relation to the trade of the world. If you want to have evidences of that fact, do not look at the speeches that have been delivered since tariff reform came to the front; look at the speeches that were delivered before that epoch. Then you will have some impartial test, some undoubted guide as to the opinions held on this subject before the perturbing effects of controversy made themselves felt. And if you look at the speeches, posters, pamphlets, and articles written on the subject of technical education, written on the necessity of meeting foreign competition by increased educational efforts in this country, a movement which I heartily sympathise with, and which I have in my way to the best of my ability done what I could to promote, I say if you look at those utterances delivered by men of all shades of opinion you will see that I am not exaggerating when I say there has been, for some years past, a feeling of growing uneasiness as to the industrial position of Great Britain among the industrial nations of the world. Therefore when Mr. Chamberlain made his speech—a speech to which we naturally date back this movement—it would have had no effect com-

parable to that which it has actually produced had it not fallen on ground prepared for it by circumstances, had it not dealt with a problem, to which every man, consciously or unconsciously, had begun to apply himself. Now, that feeling was greatly intensified by what occurred in relation to Canada's Imperial effort to give preferential treatment to this country. You all have the particulars of the incident in your mind, how Canada gave preferential treatment to our manufacturers and how thereupon Canada was threatened, by at least one foreign power, with some species of retaliation for what she had done. That

The Canadian preference. brought home to many minds the consciousness of our helplessness under our existing tariff system to deal with a situation of that kind. You cannot go to war over tariff questions. Tariff attacks can only be met by tariff replies, and I think every Englishman felt, when he heard that there was some danger lest a British colony should be penalised for her efforts after closer Imperial union with the mother country. Every Englishman, I say, felt that we were helpless indeed under our existing tariff system to meet a situation so unexpected and so dangerous. That feeling of helplessness has not been diminished by a survey of the commercial movements of the world during the last two generations. Sixty years have passed, or nearly sixty years, since the greatest, or at all events the most notorious, step was taken in the direction of tariff reform in this country in the great epoch between 1841 and 1846. Those sixty years have been filled with refutation of the prophecies made by the great tariff reformers. I am not going to say a word against those

The hopes
of sixty years
ago.

tariff reforms. I believe them to have been appropriate, and, indeed, necessary at the time they were made; but the time they were made is very different from the time in which we live, and every year that has passed, at all events in the latter half of that sixty years, during the generation of which we in this room have some personal recollection, is a contradiction of all the hopes, all the aspirations, all the prophecies which then filled the mouths and the minds of men. I have never been one of those who attack Mr. Cobden because he made a great many prophecies that have been falsified. Any of us who are rash enough to make prophecies, and are famous enough to have those prophecies recorded, are pretty sure sixty years hence to find ourselves very much in Mr. Cobden's position. At all events, if he was unfortunate as a prophet he was only a little more unfortunate than the rest of his fellow creatures. The observation I have to offer on these prophecies is not by way of criticism of Mr. Cobden, but of criticism, if at all, of his followers, because he laid down, or is supposed to have been responsible for laying down, doctrines of fiscal policy adapted to the world in which he lived, adapted to the world which he thought he had a right to foresee, but not adapted to the world in every respect, at all events, in which we at this time live. What was

Mr. Cobden's
ideal.

Mr. Cobden's ideal? No one will deny that he was a patriot. Yet I think few who have studied his life and writings will pretend that the sentiment of nationality had any large place in his philosophy of politics. He looked forward to a world in which national divisions might indeed remain, but with their emphasis largely diminished, if not wholly effaced, a world in which the division between nations would in no sense correspond with fiscal and commercial divisions, a world in which Free Trade would have swept away altogether all rivalry between men of different races, of different creeds, and of different political institutions, a world which would commercially be one, without artificial barriers, in which production would follow natural lines, and in which international manufacture would take not a competitive but a co-operative shape. That was his ideal. He drew from it the conclusion that in a world thus industrially organised, war would be a practical impossibility: that nation would be so linked to nation by commercial and financial ties that it would be impossible either for national ambition or national vanity to break the great peace which was to brood over the face of the world. Who shall deny that that ideal had in it elements of great nobility? Not I for one. But that ideal world is not the world in which we live. It is not merely—and let this be noted, for it is important—it is not merely that Protection has survived as a relic—a barbarous relic, as Mr. Cobden would have thought—of a past time. It is not merely that nation is still divided from nation by political and racial peculiarities. The facts—the actual facts—are far stronger and more significant than that. What has happened is that the sentiment of nationality has

The sentiment
of
nationality.

received an accretion of strength since that time of which no man then living could have dreamed, and that, contemporaneously with this growing sentiment of nationality, we have found Protection in foreign countries not surviving as the creed of the obscurantist minority, but growing in strength day by day, and day by day more separating the nations commercially from one another. I regret it. I think it is a matter of profound regret; but after all we have to take account of the facts of the world in which we live—and neither the individual nor the nation can venture with any prospect of felicity or success to act as if he lived in an ideal world, and not in a world which actually and in matter of fact surrounds him. Well, I am afraid that in these years we have too much been in the position of dreamers confident in the consistency and the virtue of our own ideal, refusing to see that it was not conformed to by our neighbours or the world with which we had to deal, and the result is that

A wall of we have watched for fifty years—we have watched
hostile tariffs. without saying a word or making a sign—we have
 watched a wall of hostile tariffs growing up, dividing
 nation from nation, and dividing us from the protective nations of the world. And we have seen our own colonies, our own flesh and blood, the very sinews of the Empire that is to be, building up one vested interest after another, a system of protection which, when it reaches its logical and its natural conclusion, will make it as hard for us, their mother country, pledged to defend them, bound to them by every tie of affection and regard—will make it as hard for us to export to them the results of our industry, our enterprise, and our capital as we now find it to export those results to America or to other protective countries. I do not know whether there is anybody who has faced these facts in their integrity and who can look at them with indifference. But the fact remains that over the whole period of the lifetime of those whom I am now addressing we have done nothing whatever, either in regard to foreign countries or our own colonies, to remedy a state of things so absolutely inconsistent with Free Trade as Mr. Cobden understood it.

Great Britain I ought, however, to make one exception, I have said
and France that no effort has been made. That I believe to be, in
in 1860. strictness, inaccurate. One great effort, and in its
 measure one successful effort, was made, and it was made
 by Mr. Cobden himself. I allude to the famous commercial treaty with France, negotiated in 1859, brought to a happy and successful issue in 1860. When I consider the history of that treaty I ask myself whether Mr. Cobden was indeed a Cobdenite. What was the essence of the Treaty of 1860. We were then in process of completing the great series of tariff reforms, mainly due to Tory and Conservative statesmen, which did so much for English commerce and set so good an example to the world. In 1859 there were certain taxes still in existence which the then Chancellor of the Exchequer and other financial authorities of the day thought might well be repealed, but for the repeal of which they desired to obtain from the Government of France—at that time perhaps

the most Protectionist nation with which we had large dealings—some concessions in the direction of free exchange of goods. Now, I want to put to you a question. The duties, the repeal of which was promised to the French Government as a consideration for some diminution of their protective tariffs, were duties to which no value was attached, but the contrary, by the British Exchequer. When Mr. Cobden negotiated that treaty, he and those who sent him must either have been resolved to keep on these duties if the treaty failed, or they must have been resolved to give them up in any case. If the latter, if they were determined to give up these duties which on their merits they desired to repeal, then they were asking from the French Government consideration without value received, and the most complimentary epithet that I can imagine for a diplomatic transaction of that kind is that it was extremely dexterous. The epithets that I should be inclined to apply are all of a less complimentary description, but I do not think that those less complimentary epithets are deserved. I believe that

**Meaning
of
the Treaty.**

Mr. Cobden, who was the emissary, and Mr. Gladstone, who was the Chancellor of the Exchequer, when they were dealing with the French Government of the day,

did not mean to indulge in those over ingenious tactics. But what they did say to them, and meant to say to them, was, "If you will give us increased facilities for our exports we will remit those taxes. If you will not give us increased facilities we will retain those taxes." I think that is the only interpretation I can put, consistently with the honour of the persons concerned, on that great commercial negotiation. But if so, then, in the opinion of Mr. Gladstone and Mr. Cobden in 1859 and 1860, it was legitimate to keep on taxes which would have been, from a purely Treasury and revenue point of view, illegitimate, in order to put pressure on a foreign Government to relax its tariff. There is no economical distinction—there may be a distinction from the point of view of practical difficulty—but there is absolutely no economical distinction whatever between keeping on a tax for diplomatic purposes which you would otherwise repeal, and putting on a tax which you would otherwise not put on for carrying out the same object. If Mr. Cobden approved the first, we must assume that he would not have boggled at the second. I do not know whether this point has ever been dealt with by the Cobden Club.

If not I respectfully commend it to their attention.

**Our
self-complacent
indifference.**

Well, that, so far as I know, is the one exception to our attitude of somewhat self-complacent indifference to the tariff policy of our great commercial friends and rivals, and to the tariff policy of our own

colonies. I do not think it is to our credit, and I confess that when I hear criticisms—criticisms with which I sympathise, taken by themselves—on that American and that German policy which has caused those great industrial nations to accompany their marvellous commercial expansion, with protective duties which must have thrown a most heavy burden on the consumer, I feel that they have a retort

to which I, at least, have no reply. They may well say to us that, though their external policy has been thus Protectionist, at all events within the limits of their own country, they have established permanent Free Trade, and that at this moment within the circuit of the German

**Position of
Germany and
the U.S.**

Empire and within the vast ambit of the American Commonwealth all duties, all restriction on Free Trade—everything which can hamper production, everything which can limit the increase of wealth—have been abolished by their patriotism and their foresight. And they may well ask us whether we in the British Empire can point to a similar picture, and whether at this moment that Free Trade of which we talk so much and of which we boast so loudly, is Free Trade extending beyond the narrow limits of the four seas, and whether it even includes those great self-governing colonies which we proudly boast are to be the great buttresses of our Empire in the future.

I take it, ladies and gentlemen, that it is quite impossible for any man to say—I know it is quite impossible for any Free Trader to say—that we have not suffered deeply and profoundly by foreign tariffs in this country.

Free Trade is indeed an empty name, a vain farce, if the fact that foreign nations are setting themselves to work to divert our industries into channels into which they would never have naturally flowed, to exclude our manufactures from their appropriate markets, and to limit as far as they can the international play of supply and demand—I say that Free Trade is indeed a farce if these things do not produce an evil effect not merely on the country which imposes Protective duties, but on the Free Trade country—and there is still one—which has to endeavour to the best of its ability to meet them. I do not believe that the evils of a foreign Protective tariff are limited to the mere exclusion of our products from their markets. There has been a development of which Mr. Cobden and Mr. Cobden's contemporaries

**Development of
the Trust
system.**

never dreamed, the development of the trust system under the protection of these tariffs which inflicts an injury on the capital and still more on the workmen of these islands. The phenomenon is so new that I dare scarce venture to prophecy what development it is likely to take, whether it is going to expand into a great national danger or whether it is going to be limited to the evil which I fear it has already inflicted. But of this you may be absolutely sure, that in the combination, in the alliance of trusts and tariffs there is a danger to the capital and the enterprise of this country which acts and reacts not mainly, not principally, on the capitalist—for he is at liberty to go to those regions where tariffs will benefit his industry, not injure it—but which will fall with the heaviest weight on the artisan and labour classes of this country who have no methods, or no methods known to me, by which they are capable of protecting their interests against this pending danger. Now, if I have rightly described the dangers and the evils from which we suffer, you have a right to ask me whether I know of a cure. My answer, I am afraid, will be a disappointing one. I know of no cure,

**A Palliative
not a Cure.**

but I do know of a palliative. I am not going to stand up here on an occasion when it is my duty to advise the great party of which for the moment I am the chief—it is not, I say, consistent with my duty to draw an imaginary picture of the blessings to follow from any remedy which I have to propose. I know of no cure. The ill has gone too far. You will not get the great commercial nations of the world to abandon Protection. I fear you will not get our great self-governing colonies to retrace the steps which we have, without remonstrance, permitted them to take. I therefore say there is no cure for the evils that I have described, but I think there is a palliative, and it is that palliative which I am here to recommend to you to-day. Remember what the situation is which I have endeavoured to describe to you. Mr. Cobden supposed that the world was going to be a Free Trade world, in which trade would follow its natural courses unhampered by the devices of statesmen and politicians, untouched by the influence of international treaties.

**The world with
which we have
to deal.**

That is what he hoped, that is what he believed. What, in fact, we have got to deal with is a world in which the international commercial relations are regulated largely by treaty, in which trade flows along channels engineered not by nature but by diplomacy. Is it common sense that in a world which is commercially governed by treaty we, the greatest commercial nation of all, should come forward and say, "We will endeavour to arrange treaties with you. We have nothing to give you, we have nothing to withhold from you. We throw ourselves upon your mercy and upon your consideration. Remember, please remember, how good we are to your commerce; how we throw no impediment in its way, how we do all we can for you; and please do not forget us when you are making your next treaty"? I am incapable of believing that a nation which deliberately deprives itself of its power of bargaining is a nation which is likely to make very good bargains. I have been asked by friends of mine whether there really is any ground for believing that we should make better bargains if we had the freedom of negotiation which I ask you to give us. I confess that the very question seems to me to show that the questioner lives in a world of economic phantasmagoria, with no relation whatever to the realities in which, fortunately or unfortunately, our lot is cast. Are commercial bargains different from all other bargains? Are negotiations between nations which deal with duties on manufactured goods different in essence and in character from other negotiations carried on for other purposes? Did any man ever hear of a country going into negotiations for these purposes, which came out of these negotiations with success, unless it had in the course of these negotiations something which in case of necessity it might withhold?

**A nation's
power of
bargaining.**

My request therefore to you to-night—the fundamental and essential request to which everything I have to say in the remainder of my speech is subsidiary and accidental—is that the people of this country should

**Fundamental
request :
freedom of
negotiation.**

give to the Government of this country, from whatever party that Government may be drawn, that freedom of negotiation of which we have been deprived, not by the force of circumstances, not by the action of overmastering forces, not by the pressure of foreign Powers, but by something which I can only describe as our own pedantry and our own self-conceit. (A voice, "How can we give you that power?") I have stated the fundamental proposition which I wish to affirm, but I agree with my friend opposite that it is necessary for me, though it may not be interesting to you, that I should answer some questions which will inevitably be asked as to the manner in which that freedom

**How will that
freedom be
used?**

for which I ask is going to be used. I would, however, observe that that question is often put in a manner which I regard as highly unreasonable. I suppose there is not a man in this room who denies that we ought to have a fleet or navy, but am I or is any other Minister to tell you how that navy is to be used in 1904, or 1905, or 1906, or 1907. That is a prophetic calculation which neither I nor any other man can make. All you can say is this—that it is absolutely necessary for this country to have at its command in case of need a great navy, and it is necessary, though I admit less necessary, but it is necessary, in my judgment, that this country should also have at its command those instruments of negotiation for which in general terms I have already pleaded. How either of these instruments of national policy is to be employed must necessarily depend on the exigencies of the moment. But though I think the question is thus put very often in a most unreasonable fashion, I am perfectly ready to answer it so far as in my judgment it can be answered by hypothesis and prophecy.

Let it be noted that I have brought before your attention two separate aspects of one great problem. I have pointed out to you that we have allowed, so to speak, the industrial world to slide into this system of high protective duties against this country, without effort and without remonstrance, but that world that is so active partly consists of our own colonies, our own self-governing dependencies who have fiscal and must always retain fiscal autonomy, and partly consists of foreign nations properly so called.

Now the problems raised by the protective policy of these two classes of autonomous communities are different, though they arise from the same difficulty and spring from the same root. And as regards the first of those—our relations with our colonies—let me say that I think we have in this country been strangely blind, and strangely dull to the abnormal and anomalous situation in which the British Empire is placed in these fiscal matters. You will find many cases in which fiscal union has been the prelude to that closer and more intimate union which is the basis of national strength. I may mention, as a Scotsman, the case of England and Scotland. If any of you will consult your histories you will see that what reconciled the smaller Kingdom to union with the

**The Colonial
problem.**

greater Kingdom was no love of being under a British Parliament, but the conviction that it was absolutely necessary for national existence, at all events, for national prosperity, that England and Scotland should be fiscally one.

Fiscal union as a stepping stone. That union, which was to stand merely, so to speak, on a fiscal basis, now depends on the stronger bond of sentiment, and it has welded the two peoples together in an inseparable unit which it will not be possible for any hostile force to divide. If I wished to load my speech with historical illustrations I might, of course, point to the case of Germany. For Germany resembles Scotland in this respect that fiscal union began before that political union, which has been the greatest incident in modern European history. We, on the other hand, have been contented

Disquieting divisions. apparently as far as our Empire is concerned to see divisions, fiscal divisions, growing with our growth, and at the very moment when the population and wealth of our colonies are increasing, and the sentiment of common interest, common blood, and common institutions is daily gaining strength we see these fiscal divisions deepening and broadening, of which no man can prophesy the ultimate result, and which I venture to say no man of sober judgment or any knowledge of history can contemplate without disquiet. That is the first branch of the problem. I am disposed to say that, in many respects, it is the most important branch, and I have sorrowfully to admit that it is also the most difficult branch, and for this reason : the evil has been allowed to grow, both by us and by our colonies, to a point at which it is probably incapable of any complete remedy, and at which even an attempted remedy, so far as I am able to see, would involve the taxation of food in this country.

Country not ripe for food taxes. Now, I do not think that public opinion is ripe in this country for the taxation of food. I have given the matter my most earnest consideration, and that is the conclusion at which I have arrived. Of course, all must admit—I do not care what their opinions are—all must admit that the taxation of food, indeed every kind of taxation, is, in itself, an evil. I think indeed that the evils of the taxation of food, so far as that taxation is kept within narrow limits—I want to tell the whole truth to this vast audience—I think that the evils of the taxation of food kept within those narrow limits have been exaggerated beyond what reason and logic justify, but I think, nevertheless, for historic reasons, that feeling—though it does go beyond what logic and reason seems to justify—is one of those ingrained—perhaps “ingrained” means nearly permanent—but one of those sentiments born of the history of a people of which it is absolutely necessary that every practical statesman should take account, of which I do take account, and which I believe you cannot traverse with impunity. And the reason is not far to seek. Compare the cases of France and of England.

French and English compared. In France at this moment it would be impossible for any legislator to attempt to make the smallest breach in that theoretical equality which, for historic reasons,

was burnt into them by the great struggle of the French Revolution. Every Frenchman, or most Frenchmen, believe it as an immutable creed. The Englishman, on the other hand, cares little for speculative equality. What he wants is liberty. The Frenchman, however, is tolerant, to a degree incredible among us, of any taxation of food. Remember, France is a country governed under as democratic a Government as our own, and taxation of food is part of their normal system. And they are not content with having taxation on food for what we should call National and Imperial purposes, but they pay what we pay out of rates very largely by the taxation of food. Now take the case of England. In England we had no French Revolution. There is not burning in us, by our historic experience,

any of the feelings which animate the French on the subject of equality, but the memory of the misery endured by our working classes, and especially by the agricultural labourer in the days when wheat was at 70s., 80s., or 100s. a quarter, has become associated, though I admit with very little historic propriety, but it has, as a matter of fact, become associated with the question of the abolition of the corn tax. It has been burnt into the historic imagination of the people. It cannot be eliminated by the best logic, the most conclusive reasoning, or the most eloquent speeches. I am, therefore, distinctly of opinion—I am speaking here as one who is bound to give advice to a great party on the policy which they should regard as their official policy as the best results of my reflections, I am bound to ask you to adopt the conclusion that a tax on food is not, with public opinion in the state in which we now find it, within the limits of practical politics. So much for the colonial branch of the question.

Now, you will ask me how I mean to carry out, or how I contemplate should be carried out, that liberty of negotiation for which I ask in respect of foreign countries. Well, there are a great many people who seem to think that if we ask for liberty of negotiation in respect of tariffs with foreign countries we mean to enter into a general tariff war with the whole world. No such idea, no such expectation is entertained, at all events by myself. I don't know whether most of you have sufficiently followed the practice of foreign countries in their tariff negotiations. What they commonly, or what they often do, is to have what they call a combative, a very high, tariff placed on all foreign goods which they then proceed to reduce for the benefit of those nations which give them something in return. So that they start with a heavy general import duty on all foreign goods, which they are prepared to reduce for considerations received. I contemplate no such procedure with regard to this country. I think it would involve far too great a disturbance of our habits, our practice, and might risk the disorganization of our trade.

But I do think that we might with advantage proceed from the other end, and if we thought we could do it without disadvantage to ourselves—which, after all, is the guiding consideration in these matters—we might inform any foreign country which we thought was treating us with outrageous

unfairness that, unless they modified their policy to our advantage, we should feel ourselves compelled to take this or that step in regard to their exports to our markets. I do not for a moment suggest that foreign countries are animated by a desire to destroy our trade *simpliciter*. What they want to do is to improve their trade at our expense, which is perhaps rather a different thing ; but in any case, are you not trying them too highly by your present system? Are you not throwing an unnecessary temptation in their way? Supposing they want to do us justice—let us assume that—is it fair to go to their negotiators and say, “We have nothing to give you. We cannot hurt you. Our principles are such that you may kick us round the room and we will only say ‘Please, treat us as well as you can’”? I do not think that is fair to the foreign negotiator, who has to consider public opinion in his own country, and I think he would be greatly helped to do us justice if he knew that behind our request for justice there was a method of exacting it.

An aid to
securing
justice.

Now I have spoken at outrageous length, but I have been most anxious to be perfectly clear and perfectly explicit as to the advice I want to give you, and, if I may say so, through you to the country. You will admit that I have not clouded my statement by any verbal rhetoric or any attempt at eloquent declamation. I have tried to give you the bare outlines of rather a hard and difficult argument with all the lucidity at my command, but in order that I may be absolutely beyond reproach, and that no man will be able to say hereafter that I have been ambiguous or obscure, in order that every misunderstanding shall be patently and obviously a wilful misunderstanding, I will for one moment, and it shall be only for a moment, conceive myself asked certain questions by this audience. It is not, as you are aware, in accordance with custom on these occasions, as it is during a general election, that there should be self-elected questioners on the burning topic of the day. May I convert myself for the moment on your behalf into a questioner, and may I put questions to myself?

The verdict
of our
grandfathers.

Very well, the first question which I put to myself is this:—I can imagine the gentleman who interrupted me most courteously a few minutes ago putting this question to me. He may say, “Do you mean to come forward and ask the country to reverse the verdict arrived at in the great law suit between Free Trade and Protection in 1845 and 1846?” My answer is simple and plain. I regard the controversy of 1846 as of no interest whatever to us now except from an historical point of view. It is over and done with. I care no more for the quarrel between Mr. Cobden and his opponents than I do about the Bangorian controversy, which I expect nobody in my audience has ever heard of. All that was appropriate in 1845 and 1846 is utterly inappropriate in 1903 and 1904. Our grandfathers fought out their battle as practical men, and with a view to the actual situation of the world in which they lived. Let us in that respect imitate their example, and let us not be

misled by musty debates, living enough to those who took part in them, but which are as dead to us as ours will be to our grandsons sixty years hence. That is the first question which I put.

Disavowal of doctrine of taxation for revenue alone. The second question I will imagine being put to me is this: "Do you desire to reverse the fiscal tradition, to alter fundamentally the fiscal tradition, which has prevailed during the last two generations?" Yes, I do. "And how," I imagine my questioner going on, "do you propose to alter that tradition?" I propose to alter that tradition by asking the people of this country to reverse, to annul, and delete altogether from their maxims of public conduct the doctrine that you must never put on taxation except for revenue purposes. I say distinctly that in my judgment the country ought never to have deprived itself of that liberty, and it ought publicly to resume, in the face of Europe and the world, that liberty of which it deprived itself. Of course, that liberty so resumed may be abused. I do not doubt it. It may get into incompetent hands; very possibly. But nevertheless, in my opinion, it should be resumed. This country should again have what every other country in the world possesses, and that of which no other country in the world would think of depriving itself, the liberty to negotiate and something to negotiate with.

The object in view. The next question I can imagine being asked of me is "Why do you want to resume this liberty of negotiation, seeing how well the country has prospered for all those years without it?" To that my reply is, I hope, explicit and distinct. My object is to mitigate, as far as circumstances allow, the injury done to us by hostile tariffs. Those hostile tariffs have inflicted on us injury of a double kind. They have divided one fragment of the Empire fiscally from the other. They have diverted our industries into channels into which they would never have naturally flowed, they have restricted and hampered our export trade, and their effect has acted and reacted over the whole community, whether they be consumers, producers for home consumption, or producers for export.

Those are the evils—and in addition, there is another, namely, the insecurity which, I fear, some great branches of our industry suffer, and must suffer, so long as we permit protective duties, in combination with trusts, to pour into this country at an unnatural price, goods which, under a true system of Free Trade, under a system, I mean, in which every country produces according to its natural capacity, would never be able to compete with, and never be able to outstrip, the industries of home origin. Two other questions, and only two others, have to be asked. "Will the remedy you propose be complete?" To that I answer that it will not be complete, even if it can be tried in its integrity; and it cannot be tried in its integrity because I believe the country will not tolerate a tax on food.

Remedy partial, but useful. And if the question be asked me, "Then do you think it is of any value?" To that I reply with equal clearness, emphasis, and decision that, in my judgment,

undoubtedly it will be useful. There have been plenty of occasions in the past, and believe me there will be plenty of occasions in the future, when a British Minister, having to conduct a great commercial negotiation, will feel his hands strengthened, will feel that he is indeed able to represent the interests of the great country whose foreign affairs he has to manage, if he can say to the Minister of the country with whom he is negotiating: "We do not ask you to reverse your commercial policy; we do not ask you for anything which is impossible, but common justice and common fair treatment we do ask, and if we do not get it we will take our own measures."

I hope that, at the risk of some length and some tedium, I have, at all events, avoided any kind of "I mean to lead." obscurity. I have been asked to give a lead. I think that request was a reasonable one. A man who, however unworthy, is called on to lead a party must lead it, and so long as I am in that position I mean to lead it. I have given this great topic my best thoughts, my most earnest consideration, and I am firmly convinced that the policy which I now recommend to the party and to the country is not only in absolute harmony with all our best traditions, not only finds precedent and support in the statements of all our greatest leaders, is not only in perfect conformity with the spirit of the great body which we here represent, but that also and beyond all, it is the best which this country, depending for its greatness, as it does, on its commercial position in the world, can adopt. In that faith, in that belief, and with all earnestness of purpose, I recommend it to your favourable consideration.

Mr. Chamberlain at Glasgow.

6TH OCTOBER, 1903.

MY first duty is to thank this great and representative audience for having offered to me the opportunity of explaining for the first time in some detail views which I hold upon the subject of our fiscal policy. I would desire no better platform than this. I am in a great city—the Second City of the Empire—a city which by the variety of its trade, by the enterprise and intelligence which it has always shown, is entitled to claim something of a representative character in respect of British industry. I am in the city in which Free Trade took its birth, the city where Adam Smith taught so long, and where he was one, at any rate, of the most distinguished of my predecessors in that great office of Lord Rector of your University, to which reference has been made, and which it will always be to me a great honour to have filled.

Adam Smith was a great man. It was not given to him—it never has been given to mortals—to foresee all the changes that may occur in something like a century and a half, but with a broad and far-seeing intelligence which is not common among men, Adam Smith did, at any rate, anticipate many of our modern conditions, and when I read his books, and when I see even then how he was aware of the comparative importance of home markets as compared with foreign, how he advocated retaliation under certain conditions, how he supported the navigation laws, how he was the author of a sentence which we ought never to forget, that defence is greater than opulence, when I remember also how he, entirely before his time, pressed for reciprocal trade between our colonies and the mother country, then I say that he had a broader mind and a more Imperial conception of the duties of the citizens of a great Empire than some of those who have taught also as professors, and who claim to be his successors.

**Not afraid
to preach
preference.**

I am not afraid to come here—to the home of Adam Smith, and to combat free imports; and still less am I afraid to preach to you preference with our colonies—to you in this city, whose whole prosperity has been

founded upon its colonial relations. And I must not think only of the city. I must think of the country. It is known to every man that Scotland has contributed out of all proportion to its population to build up the great Empire of which we are all proud, an Empire which took genius and capacity and courage to create—and which requires now genius and capacity and courage to maintain.

I do not regard this as a party meeting. I am no longer a party leader. I am an outsider, and it is not my intention—I do not think it would be right that I should raise any exclusively party issues. But after what has occurred in the last few days, after the meeting at Sheffield, a word or two may be forgiven to me, who, though I am no longer a leader, am still a loyal servant of the party to which I belong. I say to you that that party, whose continued existence, whose union, whose strength, I still believe to be essential to the welfare of the country, to the welfare of the Empire, has found a leader whom every member may be proud to follow. Mr. Balfour in his position has responsibilities which he cannot share with us; but no one will contest his right—the right to which his high office, his ability, and his character alike entitle him—to declare the official policy of the party which he leads, to fix its limits, to settle the time at which application shall be given to the principles which he has put forth.

For myself, I agree with the principles that he has stated. I approve of the policy by which he proposes to give effect to them, and I admire the courage and resource with which he faces difficulties which even in our varied political history have hardly ever been surpassed. It ought not to be necessary to say any more, but it seems as though in this country there would always be men who do not know what loyalty and friendship mean, and to them I say that nothing they can do will have the slightest influence, or will affect in the slightest degree, the friendship and the confidence which exist and have existed for many years between the Prime Minister and myself. Let them do their worst, their insinuations pass us by like the idle wind; and I would say to my friends, to those who support me in the great struggle on which I have entered, I would say to them also—"I beg of you give no encouragement to those mean and libellous insinuations, and understand that under no conceivable circumstances will I allow myself to be put up in any sort of competition, direct or indirect, with the friend and the leader whom I mean to follow."

What is my position? I have invited a discussion upon a question which comes peculiarly within my province owing to my past life, owing to the office which I so recently held. I have invited a discussion upon it. I have not pretended that a matter of this importance is to be settled off-hand. I have been well aware that the country has to be educated, as I myself have had to be educated, before I saw or could see all the bearings of this great matter. And therefore I take up the position of a pioneer; I go in front of the army. If the army is attacked I go

back to it. Meanwhile, putting aside all these personal and party questions, I ask my countrymen, without regard to any political opinion which they may have hitherto held, to consider the greatest of all the great questions that can be put before the country—to consider it impartially, if possible, and to come to a decision.

And it is possible—I am always an optimist—it is possible that the nation may be prepared to go a little further than the official programme. I have known them to do it before. No harm has come to the party, no harm that I know of has come to those who, as scouts, or pioneers, or investigators, and discoverers, have gone a little before them. Well, one of my objects in coming here is to find an answer to that question—Is the country prepared to go a little further? I suppose that there are differences in Scotland, differences in Glasgow, as there certainly are in the southern country, and those differences, I hope, are mainly difference as to methods, for I cannot conceive that, so far as regards the majority of the country at any rate, there can be any difference as to our objects.

What are our objects? They are two. In the first place, we all desire the maintenance, the increase, of the national strength and prosperity of the United Kingdom. I do not know—that may be a selfish desire, but to my mind it carries something more than mere selfishness. You cannot expect foreigners to take the same views as we do of our position and duty. To my mind Britain has played a great part in the past in the history of the world, and for that reason I wish Britain to continue. Then, in the second place, our object is, or should be, the realisation of the greatest ideal which has ever come to statesmen in any country or in any age—the creation of an Empire such as the world has never seen.

We have to cement the union of the States beyond the seas, we have to consolidate the British race, we have to meet the clash of competition and strife, which, commercial now, has sometimes in the past been otherwise and may again be in the future. Whatever it be, whatever danger threatens us, we have to meet it, no longer as an isolated country, we have to meet it as fortified and strengthened and buttressed by all those of our kinsmen in those powerful and continually rising States which speak our common tongue and boast allegiance to our common flag. These are the two great objects that, as I have said, we all should have in view. How are we to attain them?

In the first place let me say one word as to the method in which this discussion is to be carried on. Surely it should be treated in a manner worthy of its magnitude, worthy of the dignity of the theme. For my part, I disclaim any imputation of motive, of evil and unworthy motive, upon those who may happen to disagree with me, and I claim equal consideration from them. I claim that this matter should be treated on its merits, without personal feeling, personal

bitterness, and if possible without entering upon questions of purely party controversy. And I do that, not only for the reason I have given, but also because if you are going to make a change in a system which has existed for sixty years, which affects more or less every man, woman, and child in the kingdom, you can only make that change successfully if you have behind you not merely a party support; if you do not attempt to force it on by a small majority on a large and unwilling minority; but if it becomes, as I believe it will become, a national policy which is consonant with the feeling, the aspiration, and the interest of an overwhelming proportion of the country.

**Why not
leave
well alone?**

When I was speaking just now of the characteristics of Glasgow as a great city, I am not certain whether I mentioned that I believe it is one of the most prosperous of cities; that it has had a great and continuous prosperity. And if that be so, there, more than anywhere, I have got to answer the question, "Why can't you leave well alone?" Well, I have been in Venice, the beautiful city of the Adriatic, which had at one time a commercial supremacy quite as great in proportion as anything that we have ever enjoyed. Its great glories have departed. But what I was going to say was that when I was there last I saw the great tower of the Campanile rising above the city, which it had overshadowed for centuries, and looking as though it was as permanent as the city itself; and yet, the other day, in a few minutes the whole structure fell to the ground. Nothing was left of it but a mass of ruin and rubbish.

**Signs of
Decay.**

I do not say to you, gentlemen, that I anticipate any catastrophe so great or so sudden for British trade, but I do say to you that I see signs of decay, that I see cracks and crevices in the walls of the great structure, that I know that the foundations upon which it has been raised are not broad enough or deep enough to sustain it. Now, do I do wrong, if I know this—if I even think that I know it—do I do wrong to warn you? Is it not a most strange and inconsistent thing that, while certain people are indicting the Government in language which, to say the least of it, is extravagant, for not having been prepared for the great war from which we have recently emerged with success—is it not strange that these same people should be denouncing me in language equally extravagant, because I want to prepare you now, while there is time, for a struggle greater in its consequences than that to which I have referred—a struggle from which, if we emerge defeated, this country will lose its place, will no longer count among the great nations of the world—a struggle which we are asked to meet with antiquated weapons and with old-fashioned tactics?

**It is not well
with British
Industry.**

I tell you that it is not well to-day with British industry. We have been going through a period of great expansion. The whole world has been prosperous, and we have been prosperous with the rest of the world. I see signs of a change, but let that pass. When the change comes I think even Free Fooders will be converted. But, meanwhile, what are the facts? The year 1900 was the record year of British trade; the

exports were the largest we had ever known. The year 1902—last year—was nearly as good, and yet if you will compare your trade in 1872—thirty years ago—with the trade of 1902, the export trade, you will find that there was a paltry increase of 20 millions. That, I think, is something like $7\frac{1}{2}$ per cent., and meanwhile the population has increased 30 per cent. Can you go on supporting your population at that rate of increase when even in the best of years you can only show so much smaller an increase in your foreign trade? The actual increase was 20 millions, and we are a Free Trade country !

Comparison with protected countries. In the same time the increase in the United States of America was 110 millions; the increase in Germany was 56 millions. In the United Kingdom trade has practically been stagnant for thirty years. It went down in the interval; it has now gone up in prosperous times; but in the most prosperous time it is barely, in the least degree, better than it was thirty years ago. And meanwhile the protected countries, the countries which you have been told, which at one time I myself believed, were going rapidly to wreck and ruin, have progressed in an infinitely better proportion than ourselves. Now that is not all. Not merely has the amount of your trade remained stagnant, but the character of your trade has changed. When Mr. Cobden preached his doctrines he believed—and he had at that time considerable reason to suppose—that, while foreign countries would supply us with our food and raw materials, we should remain the workshop of the world, and should send them in exchange our manufactures. But that is exactly what we have not done. On the contrary, in the period to which I have referred we are sending less and less of manufactures to them, and they are sending more and more of manufactures to us.

Trade must be analysed. Now, I know how difficult it is for a great meeting like this to follow figures. I shall give you as few as I can, but I must give you some to lay the basis of my argument. I have had a table constructed, and upon that table I would be willing to base the whole of my contention. I will take some figures from it. You have got to analyse your trade. It is not merely a question of amount. You have got to consider of what it is comprised. Now, what has been the case with regard to our manufactures? Our existence as a nation depends upon our manufacturing capacity and production. We are not an agricultural country. That can never be the main source of our prosperity. We are a great manufacturing country.

Export of manufactures. Now, in 1872 we sent to the protected countries of Europe and to the United States of America 116 millions of exported manufactures. In 1882, ten years later, it fell to 83 millions; in 1892, ten years later, it fell to 75 millions; in 1902—last year—although the general exports had increased, the exports of manufactures had declined again to $73\frac{1}{2}$ millions; and the total result of this is that in thirty years you are sending $42\frac{1}{2}$ millions of manufactures less to the protected countries than you did thirty years ago. Then there are the neutral countries, those

Countries which, although they may have tariffs, have no manufactures, and, therefore, the tariffs are not protective—such countries as Egypt, and China, and South America, and similar places. They have not fallen to any considerable extent. They have practically remained the same, but on the whole they have fallen $3\frac{1}{2}$ millions. Adding that to the loss on the protected countries, you have lost altogether in your exports of manufactures 46 millions.

How is it that that has not impressed the people before now? Because the change has been concealed by our statistics. I do not say our statistics have not shown that, because you could have picked it out from them; but as they are not put in a form which is understood of the people—the real facts—you have failed to observe that the continuance of your trade has depended entirely on British possessions. While those foreign countries have declined 46 millions, your British possessions have increased 40 millions. And at the present time your trade with the colonies and British possessions is larger, larger in amount, very much larger in amount, and much more valuable in its character than the trade with any of the other categories I have named. It is much larger than our trade to the whole of Europe and the United States of America; it is much larger than our trade to those neutral countries of which I have spoken, and it remains at the present day the most rapidly increasing, the most important, the most valuable of the whole of our trade.

But now one more comparison. During this period of thirty years in which our exports of manufactures to foreign countries have fallen 46 millions, what has happened with their exports to us? They have risen from 63 millions in 1872 to 149 millions in 1902. They have increased 86 millions. Well, that may be all right. I am not for the moment saying whether that is right or wrong, but when people say we ought to hold exactly the same opinion about things that our ancestors did, my reply is that I dare say we should do so if circumstances had remained the same.

But, now, if I have been able to make these figures clear to you, there is one thing which follows, that is that our Imperial trade is absolutely essential to our prosperity at the present time. If that trade declines, or if it does not increase in proportion to our population, and to the loss of trade with foreign countries, then we sink at once into a fifth-rate nation. Our fate will be the fate of the empires and kingdoms of the past. We have reached our highest point, and, indeed, I am not certain that there are not some of my opponents who do not regard that with absolute complacency. I do not. As I have said, I have the misfortune to be an optimist. I do not believe in the setting of the British star. But then I do not believe in the folly of the British people. I trust them. I trust the working classes of this country, and I have confidence that they who are our masters, electorally speaking, will have the intelligence to see that they must wake up. They must

modify their policy to suit the new conditions. They must meet the new conditions with an altogether new policy.

Well, now, I have said that if our Imperial trade declines, we decline. Now, my second point is this—it **Three conundrums.** will decline, inevitably it will decline, unless, while there is still time, we take the necessary steps to preserve it. Now, have you ever considered why it is that Canada takes six times as much, or thereabouts, of British manufactures as the United States of America does per head? When you answer that, then I have another conundrum. Why does Australasia take about three times as much per head as Canada? And, to wind up, why does South Africa—the white population of South Africa—take more per head than Australasia? When you have got to the bottom of that, and it is not difficult, you will see the whole argument.

The colonies and Protection. These countries are all Protective countries. I see that the Labour leaders, or some of them, in this country, are saying that the interest of the working class is to maintain our present system of free imports. The moment those men go to the colonies—I will undertake to say there is not one of them has ever been there for six months without singing a different tune. The vast majority of the working men in all the colonies are Protectionists. Well, I am not inclined to accept the easy explanation of that, that they are all fools. I do not understand why an intelligent man, a man who is intelligent in this country, becomes at once an idiot when he goes to Australia. But I will tell you what he does do—he gets rid of a good number of old-world prejudices and superstitions.

History of Protection. I say they are Protectionist—all these countries. Now what is the history of Protection. In the first place, a tariff is imposed. There are no industries, or practically none, but only a tariff. Then gradually industries grow up behind the tariff wall. In the first place, they are the primary industries—the industries for which the country has natural aptitude, or for which it has some special advantage—mineral or other resources. Then, when those are supplied, the secondary industries spring up. First the necessities, then the luxuries, until at last all the ground is covered. Now, these countries of which I have been speaking to you are in different stages of the Protective process. In America the process is complete, she produces everything, she excludes everything. There is no trade to be done with her—or only a paltry six shillings per head. Canada has been Protective for a long time, and a Protective policy has produced its natural result. The principal industries are there, and you can never get rid of them. They will be there for ever. But up to the present time the secondary industries have not been created. There is an immense deal of trade which is still open to you which you may still retain, which you may increase. In Australasia the industrial position of the country is still less advanced. The pastoral, the agricultural products of the country have been the first to develop, and accordingly Australia takes more than Canada.

And in the Cape and in South Africa there are practically, speaking generally, no industries at all.

Very well. Now I ask you—suppose that we intervene in any stage of this process. We can do it now. We might have done it with greater effect ten years ago.

Whether we can do it with any effect at all twenty years hence I am very doubtful. But we can intervene now, and we can say to our colonies, “We understand your views and your contentions; we don’t attempt to dictate to you. We don’t think ourselves superior to you. We have taken trouble to learn your objects, to appreciate and to sympathise with your policy. We know that you are right in saying that you will not always be content to be what the Americans call a one-horse country, with a single industry, and no diversity of employment. We understand, and we can see that you are right not to neglect what Providence has given to you in the shape of mineral or other resources, not to neglect profiting by any natural aptitudes which you may have. We understand and we appreciate the wisdom of your statesmen when they say that they will not allow their country to be solely dependent upon foreign supplies for the necessities of their life.

**Proposal
to the
Colonies.**

“We understand all that, and therefore we will not propose to you anything that is unreasonable or contrary to this policy, which we know is deep in your hearts, but we will say to you, after all, there are many things which you do not now make, many things for which we have a great capacity of production. Leave them to us as you have left them hitherto. Do not increase your tariff walls against us. Pull them down where they are unnecessary to the success of this policy to which you are committed. Let us, in exchange with you, have your products in all those numberless industries which have not yet been created. Do that because we are kinsmen, without regard to your immediate interest, because it is good for the Empire as a whole, and because we have taken the first step and have set you an example. We offer you a preference, we rely on your patriotism, your affection, that we shall not be the losers thereby.”

**Tin-plate
trade.**

Now suppose that we had made an offer of that kind, I won’t say to the colonies, but to Germany, to the United States of America, ten or twenty years ago, do you suppose that if you had we should not have been able to retain a great deal of what we have now lost and cannot recover. I will give you an illustration. America is the strictest of Protective nations. It has a tariff which to me is an abomination. It is so immoderate, so unreasonable, so unnecessary. And although America has profited enormously under it, yet I think it has been carried to excessive lengths, and I believe now a great number of intelligent Americans would gladly negotiate with us for its reduction. But until very recent times even this immoderate tariff left to us a great trade. It left to us the tin-plate trade, and the tin-plate trade amounted to millions per annum, and gave employment to thousands of British workmen. Now, if we had gone to America ten or twenty years ago,

and had said—"If you will leave the tin-plate trade as it is, put no duty upon tin-plates—you never have had to complain either of our quality or our price—we in return will give you some advantage on some article which you produce," we should have kept the tin-plate trade. It would not have been worth America's while to put a duty upon an article for which it had no particular interest, aptitude, or capacity.

If we had gone to Germany in the same sense, there are hundreds of articles now made in Germany which are sent to this country which are taking the place of goods employing British labour, which they would have left to us in return for our concessions to them. We did not take that course. We were not prepared for it as a people. We allowed matters to drift. Are we going to let them drift now? Are we going to lose the colonies as we have lost these foreign countries? This is the parting of the ways. You have an opportunity. If you do not take it it will not recur. If you do not take it I predict, and I predict with certainty, although I seldom prophecy with equal faith, I predict with certainty that Canada will fall to the level of the United States, and Australia will fall to the level of Canada, that South Africa will fall to the level of Australia. And that will only be the beginning of the general decline which will deprive you of your most important customers, of your most rapidly increasing trade.

Now, I am quite convinced—I have some reason to speak with authority on this subject—the colonies are prepared to meet us. In return for a very moderate preference, they will give us a substantial advantage. In the first place, I believe they will reserve to us the trade which we already enjoy. They will not arrange their tariffs in future in order to start industries in competition with those which are already in existence in the mother country. They will not—and I would not urge them for a moment to do so—they will not injure those industries which have already been created. They will maintain them. They will not allow them to be destroyed or injured, even by our competition, but outside that there is still a great margin, a margin which has given us this enormous increase of trade to which I have referred. That margin, I believe, we can permanently retain, and I ask you to think if that is of so much importance to us now, when we have only eleven millions of fellow-citizens—of white fellow-citizens—in these distant colonies, what will it be when in the course of a period which is a mere moment of time in the history of States, what will it be when that population is forty millions or more? Is it not worth your while to consider whether the actual trade which you may retain, and the enormous potential trade which you and your descendants may enjoy, are not worth a sacrifice even if a sacrifice be required?

But they will do a great deal more for you. This is certain. Not only will they enable you to retain the trade which you have, but they are ready to give you a preference on all the trade which is now done with them by foreign competitors. I never see in any argument of the Free

Importers any reference to the magnitude of this trade. It is ominous that it is daily increasing. It has increased enormously in thirty years, and if it goes on with equally rapid strides, we shall be ousted by foreign competition, if not by protective tariffs, from our own colonies. It amounts at the present time, I have not got the figures here, but I believe I am right—to over 47 millions. But it is said that a great part of that 47 millions is in goods which we cannot supply. That is true; and with regard to that portion of the trade we have no interest in any preferential tariff. But it has been calculated, and I believe it to be accurate, that 26 millions a year of that trade might come to this country which now goes to Germany and France and other foreign countries, if a reasonable preference were given to British manufacture.

What does that mean? The Board of Trade assumes that of all manufactured goods one-half the value is expended on labour. I think it is a great deal more; but take the Board of Trade figures—13 millions a year of new employment. What does that mean to the United Kingdom? It means the employment of 166,000 men at 30s. a week. It means the subsistence, if you include their families, of 830,000 persons. And now, if you will only add to that our present exports to the British possessions of 96 millions, you will find that that gives employment at 30s. a week to 615,000 workpeople, and it finds subsistence for 3,075,000 persons. In other words, your colonial trade as it stands at present, with the prospective advantage of a preference against the foreigner, means employment for three-quarters of a million of workmen and subsistence for nearly four millions of our population. I feel deeply sensible that the argument I have addressed to you is one of those which will be described by the leader of the Opposition as a “squalid argument.” A “squalid argument!” I have appealed to your interests. I have come here as a man of business. I have appealed to the employers and the employed alike in this great city. I have endeavoured to point out to them that their trade, their wages, all depend on the maintenance of this colonial trade, of which some of my opponents speak with such contempt, and above all, with such egregious ignorance.

Now I abandon that line of argument for the moment.

Appeal to Imperial Sentiment. I appeal to something higher, which I believe is in your hearts as it is in mine. I appeal to you as fellow-citizens of the greatest Empire that the world has ever known; I appeal to you to recognise that the privileges of Empire bring with them great responsibilities. I want to ask you to think what this Empire means, what it is to you and your descendants. I won't speak, or, at least, I won't dwell on that area, greater than what has been under one dominion in the history of the world before. I will not speak of the hundreds of millions of men for whom we have made ourselves responsible. But think of its variety. Think of the fact that here you have an Empire which, with decent organisation and consolidation, might be absolutely self-sustaining. Nothing of the kind has ever been known before. There is no article of your food, there is no raw material of

your trade, there is no necessity of your lives, there is no luxury of your existence which cannot be produced somewhere or another in the British Empire. If the British Empire holds together, those who have inherited it are worthy of its traditions.

Loyalty to the Common Flag. And there is another product of the British Empire, and that is men. You have not forgotten that we have found the advantage, the encouragement which can be given, by the existence of loyal men, inhabitants, indeed, of distant States, but still loyal to the common flag. It is not so long since these men, when the old country was in straits, rushed to its assistance. No appeal was necessary. It was a voluntary movement. That was not a "squalid assistance." They had no special interest. They were interested indeed as sons of the Empire, but if they had been separate States they would have had no interest at all. They came to our assistance, they proved themselves indeed to be men of the old stock. They proved themselves worthy of the best traditions of British freedom, and gave us an assistance, a material assistance, which was invaluable, gave us a moral support which was even more grateful. That is a result of Empire. I should be wrong if, in referring to our white fellow-subjects, I did not also say that in addition to them, if any straits befell us, there are millions, hundreds of millions of men born in tropical climates and of races very different from ours, who nevertheless, although they were prevented by political considerations from taking part in our recent struggle, would, in any death-throe of the Empire, be equally eager to show their loyalty and devotion.

Present Generation's share in the Work. Now, gentlemen, is such a dominion, are such traditions, is such a glorious inheritance, is such a splendid sentiment—are these worth preserving? Ay, they have cost us much; they have cost us much in blood and treasure, and in past times, as in recent, many of our best and noblest have given their lives or risked their lives for this great ideal. But it has done much for us. It has ennobled our national life. It has discouraged the mere petty parochialism which is the defect of all small communities. I say to you that all that is best in our present life, best in this Britain of ours, all of which we have the right to be most proud, is due to the fact that we are not only sons of Britain, but we are sons of Empire also. I do not think, I am not likely to do you the injustice of believing, that you would make these sacrifices fruitless, that you would make all this endeavour vain. But if you want to complete it, remember that each generation in turn has to do its part, and you are called to take your share in the great work. Others have founded the Empire; yours to cement it together, yours to build firmly and permanently the great edifice of which others have laid the foundation.

Parts of a larger whole. I believe we have got to change somewhat our rather insular habits. When I have been in the colonies I have told them that they are too provincial; but I think we are too provincial also. We think too much of ourselves. We forget, and it is necessary that we should remember, that

we are only parts of a larger whole. And when I speak of "our" colonies it is an expression. They are not ours; they are not ours in any possessory sense. They are sister States, able to treat with us from an equal position, able to hold to us, willing to hold to us, but also able to break with us. I have had eight years' experience. I have been in communication with all the men, or with many of the men—statesmen, orators, writers—distinguished in our colonies. I have had intimate conversation with them. I have tried to understand them. I think I do understand them, and I say that none of them desire separation. There are none of them who are not loyal to this idea of Empire, which they wish us to accept more fully in the future.

Present colonial relations cannot be permanent. But I have found none who did not believe that our present colonial relations cannot be permanent. We must either draw closer together or we shall drift apart. When I made that statement in all responsibility some time ago, some people, political opponents, said, "See, here is the result of having such a Colonial Secretary. Eight years ago the colonies were devoted to the mother country. Everything was for the best. Preferences were not thought of; there were no squalid bonds; the colonies were ready to do everything for us, and were not such fools as to think that we should do anything for them. All that happy state of things existed when the Colonial Secretary came into office. Now it has all disappeared, and we are told, if we do not change our policy, we may lose our Empire."

Lord Rosebery in 1888. Well, that is a fancy picture. But I won't rest upon my opinion. It is not I alone who have said this. Others have said it before me. We have a statesman here in Scotland whose instincts are always right, but whose actions unfortunately often lag behind his instincts. What did he say? Many years before I came into office, in 1888, Lord Rosebery was speaking at Leeds, and he said this—"The people of this country will, in a not too distant time, have to make up their minds what footing they wish their colonies to occupy with respect to them, or whether they desire their colonies to leave them altogether. It is, as I believe, absolutely impossible for you to maintain in the long run your present loose and indefinable relations and preserve these colonies parts of the Empire. I do not see that you can obtain the great boon of a peaceful Empire, encircling the globe with a bond of commercial unity and peace, without some sacrifice on your part."

No sacrifice necessary. Well, we have to consider of course what is the sacrifice which we are called upon to make. No, first, let me say that if there be a sacrifice, if that can be shown, I will go confidently to my countrymen. I will tell them what it is, and I will ask them to make it. Now-a-days a great deal too much attention is paid to what is called the sacrifice, but no attention is given to what is the gain. But although I would not hesitate to ask you for a sacrifice if a sacrifice were needed to keep together the Empire, to which I attach so much importance, I do not believe that there will be any sacrifice at all. This is an arrangement

between friends. This is a negotiation between kinsmen. Can you not conceive the possibility that both sides may gain and neither lose?

Twelve years ago another great man, Mr. Cecil Mr. Rhodes's solution. Rhodes, with one of those flashes of insight and genius which made him greater than ordinary men, took advantage of his position as Prime Minister of Cape Colony to write letters, which have recently been published, to the then Prime Minister of Canada and the Prime Minister of New South Wales. He said in one of these letters—"The whole thing lies in the question—Can we invent some tie with our mother country that will prevent separation? It must be a practical one. The curse is that English politicians cannot see the future." Well, I ask the same question. Can we invent a tie, which must be a practical one, which will prevent separation? and I make the same answer as Mr. Rhodes, who suggested reciprocal preference, and I say that it is only by commercial union and reciprocal preference that you can lay the foundations of that federation of the Empire to which we all look forward as a brilliant possibility.

Now I have told you what you will gain by preference. What will be the cost? You will gain the retention and the increase of your trade with your best customers. You will gain work for an enormous number of those who are now unemployed, and you will pave the way for a firmer and more enduring union of the Empire. What will it cost you? What do the colonies ask? They ask a preference on their principal products. You cannot give—at least it would be futile to offer them a preference on manufactured goods, because at the present time the exports of manufactures by the colonies are entirely insignificant. You cannot, in my opinion, give them a preference on raw materials. It has been said that I should propose such a tax, but I repeat now in the most explicit terms—I do not propose any tax on raw materials, which are a necessity of our manufacturing trade.

Now, what remains? Food. And, therefore, if you wish to have a preference, if you desire to gain this increase of trade, if you want to prevent separation, you must put a tax on food. Now there is the murder—the murder is out. I said that in the House of Commons, and I said a good deal more, but that is the only thing of all that I said that my opponents have thought it particularly interesting to quote, and you see on every wall, in the head-lines of the leaflets of the Cobden Club, in the speeches of the devotees of free imports, in the arguments of those who dread the responsibilities of Empire, and do not seem to care much about the possibility of its dissolution—all these were put in the forefront—Mr. Chamberlain says, "you must tax truth," "you must tax food."

No increase
in the cost of
living.

There is no need to tax truth, for that is scarce enough already. But I was going to say that this statement, which they quote, is true, but it is only half the truth, and they never give you the other half. You

never see attached to this statement that you must tax food, the other words that I have used in reference to this subject, that nothing that I propose would add one farthing to the cost of living of the working man, or of any family in this country. How is that to be achieved? I have been asked for a plan. I have hesitated, because, as you will readily see, no final plan can be proposed till a Government is authorised by the people to enter into negotiations on this principle. Until that Government has had the opportunity of negotiating with the colonies, with foreign countries, and with the heads, the experts, in all our great industries, any plan must be at the present time more or less of a sketch plan, but at the same time I recognise that you have a right to call on me for the broad outlines of my plan, and those I will give you, if you will bear with me.

**Duties on
Foreign Corn
and Flour.**

You have heard it said that I propose to put a duty of five shillings or ten shillings a quarter on wheat. I propose to put a low duty on foreign corn, no duty at all on the corn coming from our British possessions. But I propose to put a low duty on foreign corn, not exceeding two shillings a quarter. I propose to put no tax whatever on maize, partly because maize is a food of some of the very poorest of the people, and partly also because it is a raw material for the farmers, who feed their pigs on it. I propose that the corresponding tax which will have to be put on flour should give a substantial preference to the miller. I do that in order to re-establish one of our most ancient industries in this country, believing that if that is done, not only will more work be found in agricultural districts with some resulting tendency, perhaps, against the constant migration from the country into the towns, and also because, by re-establishing the milling industry in this country, the offals, as they are called—the refuse of the wheat—will remain in the country and will give to the farmers or the agricultural population a food for their stock and their pigs at very much lower rates.

**Other
proposals :
additions and
remissions.**

That will benefit not merely the great farmer, but it will benefit the little man, the small owner of a plot, or even the allotment owner who keeps a single pig. I am told by a high agricultural authority that if this were done so great an effect would be produced on the price of the food of the animal that where an agricultural labourer keeps one pig now, he might keep two in the future. I propose to put a small tax or about 5 per cent. on foreign meat and dairy produce. I propose to exclude bacon, because, once more, bacon is a popular food with some of the poorest of the population. It forms the staple food for many of the poorest of the population. And, lastly, I propose to give a substantial preference to our colonies on colonial wines, and perhaps on colonial fruits. Well, those are the taxes, the new taxes or alterations of taxation, which I propose as additions to your present burden, but I propose also some great remissions. I propose to take off three-fourths of the duty on tea, and half of the whole duty on sugar, with a corresponding reduction on cocoa and coffee.

Now, what will be the result of these changes, in the first place on the cost of living, in the second place on the Treasury? As regards the cost of living, I have accepted, for the purpose of argument, the figures of the Board of Trade as to the consumption of an ordinary workman's family both in the country districts and in the town, and I find that if he pays the whole of the new duties that I propose to impose it would cost an agricultural labourer $16\frac{1}{2}$ farthings per week more than at present, and the artisan in the town $19\frac{1}{2}$ farthings per week more. In other words, it would be about $4d.$ per week of an increase on the expenditure of the agricultural labourer and $5d.$ per week on the expenditure of the artisan. But then there are the reductions which I propose. Again I take the consumption as it is declared by the Board of Trade. The reductions would be in the case of the agricultural labourer 17 farthings per week, in the case of the artisan $19\frac{1}{2}$ farthings per week. You will see, if you follow me, that on the assumption that you pay the whole of the new taxes yourselves the agricultural labourer would be half a farthing per week to the better, and the artisan would be exactly the same.

I have made this assumption, but I do not believe in it—I do not believe that these small taxes on food would be paid to any large extent by the consumers in this country. I believe, on the contrary, they would be paid by the foreigner. That doctrine can be supported by authoritative evidence. In the first place, look at the economists. I am not speaking of the fourteen professors. But take John Stuart Mill, take the late Professor Sidgwick, and I could quote others now living. They all agree that any tax on imports—especially if the tax be moderate—at any rate is paid by the foreigner, and that is confirmed by experience. I have gone carefully during the last few weeks into the statistical tables, not only of the United Kingdom, but of other countries, and I find that neither in Germany, nor in France, nor in Italy, nor in Sweden, nor in the United Kingdom, where there has been the imposition of a new duty or an increase of an old duty, has the whole cost over a fair average of years ever fallen on the consumer. It has always partly been paid by the foreigner.

How much is paid by the foreigner? That, of course, must be a matter of speculation. And there, again, I have gone to one of the highest authorities of this country, one of the highest of the official experts whom the Government consults, and I have asked him for his opinion, and in his opinion the incidence of a tax depends on the proportion between the free production and the tax production. In this case the free production is the home production and the production of the colonies. The tax production is the production of the foreigner, and this gentleman is of opinion that if, for instance, the foreigner supplies, as he does in the case of meat, two-ninths of the production the consumer only pays two-ninths of the tax. If he supplies, as he does in the case of corn, something like three-fourths of the consumption, then the consumer pays

three-fourths of the tax. If, as in dairy produce, he supplies half of the production, then the consumer pays half of the tax. This is a theory like any other that will be contested, but I believe it to be accurate, and at all events, as a matter of curiosity, I have worked out this question of the cost of living on that assumption, and I find that, if you take the proposition, that the cost of the new duties would be $9\frac{1}{2}$ farthings to the agricultural labourer and 10 farthings to the artisan, while the reduction would still be 17 farthings to the labourer and $19\frac{1}{2}$ farthings to the artisan.

No loss to the consumer, possibly gain. You see my point. If I give my opponents the utmost advantage, if I say to them what I do not believe, that I will grant that the whole of the tax is paid by the consumer, even in that case my proposal would give as large a remission on the necessary articles of life as it imposes, and the budget at the end of the week, or the result at the end of the year, will be practically the same even if he pays the whole duty. And if the consumer does not pay the whole duty then he will have the advantages to which I have already referred. In the case of the agricultural labourer he will gain 2d. a week, and in the case of the town artisan he will gain $2\frac{1}{2}$ d. a week. Now I am afraid—I hope I am not wearying you—I feel how difficult it is to make either interesting or intelligible to a great audience like this the complicated subject with which I have to deal. But this is my opening declaration, and I feel that I ought to leave nothing untold—at all events ought to lay the whole of the outlines of my scheme before the country.

Position of the Exchequer. Now the next point, the last point, I have to bring before you is that this advantage to the consumer will involve a loss to the Exchequer. You will see why. The Exchequer, when it reduces tea or sugar, loses the amount of the tax on the whole of the consumption, but when it imposes a tax on corn or on meat it only gains the duty on a part of the consumption, since it does not collect it either on the colonial or on the home production. I have had that worked out for me also by an expert, and I find, even making allowance for growth in the colonial and the home production, which would be likely to be the result of this stimulus which we give to them—if you make allowances for these articles which I do not propose to tax, the loss of the Exchequer will be £2,800,000 per annum. How is it to be made up? I propose to find it, and to find more, in the other branch of this policy of fiscal reform, in that part of it which is sometimes called Retaliation and sometimes Reciprocity.

Ten per cent. duty on manufactures. I cannot deal freely with that subject to-night. I shall have other opportunities; but this I will point out to you, that in any attempt to secure reciprocity we cannot hope to be wholly successful. Nobody, I imagine, is sanguine enough to believe that America or Germany and France and Italy, and all other countries, are going to drop the whole of their protective system because we ask them to do so, or even because we threaten them. What I do hope is that they will reduce

their duties so that worse things may not happen to them. But I think we shall also have to raise ours. Now, a moderate duty on all manufactured goods, not exceeding 10 per cent. on the average, but varying according to the amount of labour in these goods; that is to say, putting the higher rate on the finished manufactures on which most labour would be employed in this country, and the lower duty on goods on which very little or less labour has been employed—a duty, I say, averaging 10 per cent. would give to the Exchequer at least nine millions a year. Nine millions a year! I have an idea that the present Chancellor of the Exchequer would know what to do with such a full purse. For myself, if I were in that onerous position—which may Heaven forbid—I should use it in the first place to make up this deficit of £2,800,000 of which I have spoken, and in the second place I should use it for the further reduction both of taxes on food and also of some other taxes which press most hardly on different classes of the community. Remember this: a new tax cannot be lost if it comes to the Chancellor of the Exchequer. He cannot bury it in a stocking. He must do something with it, and the best thing he can do with it is to remit other taxation.

Now the principle of all this policy is that, whereas
Scientific in your taxation now, whether it be on food or anything else,
place of profit- brings you revenue and nothing but revenue; the taxa-
less taxation. tion which I propose, which will not increase your
 burdens, will gain for you trade, employment—all that
 we most want to maintain the prosperity of our industries. The one is
 profitless taxation, the other is scientific taxation. I have stated the
 broad outline of the plan which I propose. As I have said, this can
 only be filled up when a mandate has been given to the Government,
 when they have the opportunity which they desire to negotiate and
 discuss. It may be that when we have those taxes, or when we are
 prepared to put a tax on manufactured goods, we might be willing to
 remit or reduce it, if we could get corresponding advantages from the
 country whose products would thus be taxed. It cannot, therefore, be
 precisely stated now what it would bring in or what we should do, but
 this is clear, that whatever it was we should get something for it. We
 should get something either in the shape of reduction of other taxation
 or something in the shape of a reduction of those prohibitive tariffs
 which now hamper so immensely our native industry. There will be
 according to this plan, as I have said, no addition to the cost of living,
 but only a transfer of taxation from one item to another.

It remains to ask, What will the colonies say? I
 hear it said sometimes by people who I think have never
 visited the colonies, and do not know much about them,
 that they will receive this offer with contempt, that they
 will spurn it, or that if they accept it they will give nothing in return.
 I differ from the critics. Do not do this injustice to the patriotism or
 the good sense of the colonies. When the Prime Ministers, represent-
 ing all the several States of the Empire, were here, this was the matter
 of most interesting discussion. Then it was that they pressed on the

Government the consideration of this question. They did not press—it is wrong, it is wicked to say that they pressed it in any spirit of selfishness. They had no idea of exclusive benefit for themselves. No; they had Mr. Rhodes's ideal in their minds. They asked for it as a tie, a practical tie, which should prevent separation, and I do not believe that they will treat ungenerously any offer that we may now be able to make to them. They have no such idea, for they have offered you advantages already. Canada has given you a preference of $33\frac{1}{3}$ per cent. South Africa has given you a preference of 25 per cent. New Zealand has offered a preference of 10 per cent. The Premier of Australia has promised to bring before Parliament a similar proposal. They have done all this in confidence, in faith, which I am certain will not be disappointed, faith that you will not be ungrateful, that you will not be unmindful of the influences which have weighed with them, that you will share their loyalty and devotion to an Empire which is theirs as well as ours, which they have also done something to maintain.

And it is because I sympathise with their object, it is because I appreciate the wisdom—aye, the generosity—
A Missionary of Empire. of their offer, it is because I see that things are moving, and that an opportunity now in your hands once lost will never recur, it is because I believe that this policy will consolidate the Empire, the Empire which I believe to be the security for peace and for the maintenance of our great British traditions—it is for all these things, and, believe me, for no personal ambition that I have given up the office which I was so proud to hold, and that now when I might, I think, fairly claim a period of rest I have taken up new burdens; and I come before you as a missionary of Empire to urge on you once again, as I did in the old times when I protested against the disruption of the United Kingdom, once again to warn you, to urge you, to implore you to do nothing that will tend towards the disintegration of the Empire, not to refuse to sacrifice a futile superstition, an inept prejudice, and thereby to lose the results of centuries of noble effort and patriotic endeavour.

Mr. Chamberlain at Greenock.

7TH OCTOBER, 1903.

IT is a great privilege, which entails, however, a great responsibility to be permitted to address two such meetings as that last night and that to-night in the course of twenty-four hours. When I accepted a cordial invitation to Glasgow I received very shortly afterwards a kindly invitation, most moderate in its expectations, that I would pay a passing visit to Greenock, also that I would appear at a luncheon, and I was assured that at luncheon nobody would expect me to say more than a few words. These things have a habit of developing into inconvenient dimensions, and so to-night I find myself addressing this magnificent meeting, perhaps, with insufficient preparation, but at all events with a deep sense of the obligation under which you lay me by your readiness to listen to what I have to say. I am glad to pay my first visit to Greenock. I am glad at this time especially, to come amongst you and to confer with a population whose commercial history is rather different from that of many of our great cities, and has an especial bearing upon the great question I want to discuss.

Now, last night I said that I did not regard this question as a political question. It is an economic question. It is a business question. It is a national question. It affects every man, woman, and child in the country. It ought not to be a party question. And for my own part I hope there are many Liberals present here to-night; I hope that, however much they may differ now, however much they may continue to differ from me upon other purely party and political questions, that won't prevent them in the least from giving me a fair hearing on a matter which, as I have said, is above all party and above all persons.

I dealt last night more especially with one great branch of the question of fiscal reform—that is, the question of preference with our colonies, and I did that because to me it is of all the branches of this question one which most deeply moves me to exertion, and, in the second place, because it is the most urgent part of the question. We have been

going on for a great number of years, much too long, with our existing policy, and so far as foreign countries are concerned we might go on a little longer. A great part of the mischief has been done, and I don't know that we should suffer greatly if we waited a little longer. But that is not possible with regard to the colonies. The colonies have given you an opportunity with which we cannot play fast and loose.

**Colonials
will not
repeat the
offer.**

These kinsmen of yours—there is no doubt in what spirit they have made their offer to you. It is in a spirit of brotherhood, and in a spirit of unselfish desire to promote the interests of the Empire of which they, as well as we, form an integral part. But you cannot expect them to wait for ever on your pleasure. If you think that your interests lie in another direction, they tell you to follow your interests. They think that something can be done which may involve concession on both sides, but which in the long run will be good for both. But if you in your wisdom come to the conclusion that what is asked from you is more than they can give in return they make no complaint. They accept your decision. But they will not repeat the offer. And then they will, perhaps, seek for the reciprocal advantages which they offer to you from other countries, who are not possessed of our prejudices and superstitions, and who will be ready at once to jump at any offer of the kind which is now made to us.

**Other branch
of the
scheme.**

That being the case for preferential arrangements with the Colonies, I proceed to-night to speak a little more fully of the other branch of our policy which is sometimes called retaliation and sometimes called reciprocity. Now, I begin with a confession of faith. I was brought up in the pure doctrine of Free Trade. I will not say that I believed it to be inspired, but I believed the statements of those who had preached it, and who had induced the country to adopt it. I accepted it as a settled fact, and nobody would have surprised me more if twenty or thirty years ago he had told me that I should be criticising the doctrine which I then accepted. But thirty years is a long time. Has nothing changed in thirty years? Everything has changed. Politics have changed. Science has changed. And trade has changed; the conditions with which we have to deal now are altogether different from the conditions with which we had to deal thirty years ago.

**New
conditions,
new policy.**

And let no man say that because to-day you or I are in favour of retaliation, or what our opponents call Protection—let no man say that that is at all inconsistent with our having been Free Traders under totally different conditions. When the temperature goes up to 100 I put on my thinnest clothes. When it goes down below zero there is nothing too warm for me to wear. When the prophecies of those who supported Free Trade appeared to be in course of realization, what reason was there why any of us should consider the subject or express any doubts. And for something like five-and-twenty or thirty years after Free Trade was preached and adopted there is no doubt whatever in

my mind that it was a good policy for this country, and that our country prospered under it more than it would have done under any other system. That was for five-and-twenty years. But in the last thirty years the whole conditions have changed, and it seems to me to be not the policy of a Liberal, not the policy of a Radical, as I understood such a policy twenty or thirty years ago, but the policy of a rabid and reactionary Tory, to say that when all the conditions have changed you should not change your policy too.

Now, let us look at some of these changes. There was nothing upon which Mr. Cobden was more assured, **No monopoly of wisdom.** was more honestly convinced than that Free Trade, as he understood it, was such a good thing that if we gave the example every other nation would follow us. He said in the most positive terms that, if we adopted a policy of Free Trade, five years would not pass over before all other nations adopted our views. And if they did not—he refused to conceive such a hypothesis—but his arguments went to show that if they did not adopt our policy then they would be ruined, and we should gain by their distress. Well, we are a great people ; but after all, I have never been able to believe that all the wisdom in the world was absolutely domiciled in this country. I have a certain respect for our American cousins. I have an idea that they are people with whom if you wish to deal in the most friendly spirit you had better not shut your eyes. I have some considerable respect for the German people. I recognise that they have been, and still are, the most scientifically educated people on the face of the globe. I have a great respect and a great friendship towards our neighbours, the French. I think they have done immense service to knowledge and civilization in our past history.

Well, I do not believe that all these people are fools : **Policy of other nations.** and when I find that they absolutely refuse to adopt the Cobdenite principle and to accept Free Trade as a model and example, which it was represented to be, I say to myself it is worth thinking over. I have perhaps, been wrong to be as certain as I was. But that alone would not have moved me if, in spite of my respect for the Americans and the French and the Germans, I had found that the facts were against them. If I had found that they were being ruined because they had adopted Protection, and we were progressing enormously because we had adopted Free Trade, then I should have stuck to Free Trade in spite of the majority being against me. But now, what is the policy of these other nations? It has been not a haphazard policy, but a policy deliberately adopted, deliberately pursued. It is a policy to use tariffs to increase home trade, and, if you like, to exclude foreign trade.

All these three nations to which I have referred, and **Object of foreign tariffs.** every other civilized nation on the face of the earth, have adopted the tariffs with the object of keeping the market to the home population, and not from any want of friendship. I do not believe their policy has been in the slightest degree actuated by ill-feeling to Great Britain, but because they thought

it was necessary for their own security and prosperity. They have done everything on their part to shut out British goods. They have passed tariff after tariff. They began, perhaps, with a low tariff. They continued it as long as it was successful. And if they found it ceased to do what it was wanted to do, they increased it. And what it was wanted to do was to exclude foreign manufactures, and, above all, to exclude the manufactures of this country, which at one time held the supremacy of trade in the world, and which was the greatest centre of industry in any part of it. Now, that was their deliberate policy. There is no doubt about that.

**Success of
protectionist
policy.**

Has it succeeded? Whether it was right or wrong, what these people intended to do they have done. And if you look back for any term of years, you will find that the exports of British manufacturers have fallen off to these countries, while their exports to us have risen. Well, I don't know—there may be something wrong in my constitution—but I have never liked being hit without striking back. There are some people who love to be trampled upon. Well I admire them, but I will not follow their example. I am an advocate of peace, no man more so. I wish to live quietly, comfortably, and in harmony with all my fellow-creatures. But I am not in favour of peace at any price.

**Not a
Free Trader
at any price.**

I am a Free Trader. I want to have free exchange with all the nations of the world. But if they won't exchange with me, then I am not a Free Trader at any price. And again I say it may be a defect of my constitution, but it seems to me that these things go together, and that the men who do not care for the Empire, the men who hate war so much that they will sooner suffer injustice than go to war, the men who would surrender rather than take arms in their own defence—those are the men who also seem to be in favour of doing, are consistently in favour of doing, in trade exactly what they had been willing to do in political relations. I don't care to what party they belong. I am not one of that party. Accordingly, when I find the effect of this policy on the part of other countries, I look about for means to meet it.

**Export of
manufactures.
Answer to
criticism.**

Now, last night I said, quoting from figures, that the exports of British manufacturers to protected countries had fallen by forty-two millions sterling in the course of thirty years. Well, the *Glasgow Herald* this morning says incidentally—I forget the exact words—but they were to the effect that I ought not to have chosen that particular period. Well, I assure the *Glasgow Herald* that I did not choose that with any sinister purpose. I thought thirty years was a good long time and a fair time to go back. I invite them to take any other period—I do not care what. In this controversy which I am commencing here I use figures as illustrations. I do not pretend that they are proofs. The proof will be found in the argument, not in the figures; but I use figures as illustrations to show what the argument is. The argument which I used, and which I defy the *Glasgow Herald* to contradict—the argument is that as soon as these

tariffs were raised against us, our exports to the countries which raised them have been continually decreasing.

Prosperity of other countries. Yes, but that is not all. If their prosperity had been going down in equal proportion, it would have been no argument at all. But while our exports to them have been continually decreasing, their exports to us have been continually increasing. How do Free Traders explain that? According to their view, these foolish Americans, these ridiculous Germans, these uneducated Frenchmen, have all been ruining themselves all this time. They may have kept their home market. That is all very well. But they would have lost their foreign market. How could people whose cost of living has been raised, how could people who have the little loaf and not the big loaf, how could these people, who are hampered by tariffs, Protection, while they keep their own trade, as I have said—how could they do a foreign trade? Well, it may be very extraordinary, but they have done it. And their trade has increased in a very much larger proportion than our trade—a Free Trade country, which has the big loaf, which has all this freedom, and none of these disadvantages.

Losing both ways. Now, I say that is a state of things which demands consideration. We are losing both ways. We are losing our foreign markets, because whenever we begin to do a trade the door is slammed in our face with a whacking tariff. We go to another trade. We get it in for a few months or a few years, and at once a tariff is imposed upon it, and that is shut out. And one industry after another suffers in a similar way, although not altogether; and we lose our foreign trade. And, as if that was not enough, these same foreigners, who shut us out, invade our markets, take the work out of the hands of our working-people, and leave us doubly injured. Now, I say that is unfair. That is one-sided, and, in my opinion, it threatens most seriously the position of every manufacturer and, above all, of every working-man in this kingdom. It threatens the position of the manufacturer. He may lose all his capital. His buildings may be empty. But, after all, he will, perhaps, have something left, and he can invest that in a manufactory in some foreign country, where he will give employment to some foreign workmen. Yes, the manufacturer, therefore, may save himself, and it is not for him that I am chiefly concerned, but it is for you, the working-men. I say to you—"To you loss of employment means more than loss of capital to any manufacturer. You cannot live upon your investments in a foreign country. You live on the labour of your hands. And if that labour is taken from you, you have no recourse—except, perhaps, to learn French or German."

A question for free importers. Now, I go back for a minute to consider the importance of getting that question answered. If there are Free Traders—I should say free importers, because, in a sense, we are all Free Traders—if there are any free importers in Greenock, and you have an opportunity of discussing this matter afterwards in a quiet and friendly way, ask them this question,

"You say that Protection, retaliation, will be very bad for this kingdom. Well, how do you account for the fact that all those great nations, without exception, who have adopted a system which you say is bad for them have prospered more than we have done?" The Cobden Club say it is all right. But the Cobden Club have not answered that question, and I advise them to write to their foreign members, and see whether they can tell them why Germany and France and the United States of America, and if you remove all these from the calculation, then I will take smaller countries—such a country as Sweden, for instance—why have all those countries prospered under a system which they declare would be ruinous to us? When that question is answered I think my occupation will be gone. I shall hide my diminished head, and make room for the foreign members.

Well, now, I do not believe that all these foreign countries are wrong. I believe they are better strategists than we have been. This policy, as announced by McKinley in America, and not by McKinley alone, but by the greatest Americans long before his time—by President Lincoln, by men like the original founders of the Constitution; this policy announced in Germany by Prince Bismarck, who was in his time a rather considerable person; this policy announced in France by means of their most distinguished statesmen—this policy had a great deal behind it. Its main idea was to keep for a manufacturing country its home industry, to fortify the home industry, to make it impregnable, and having left the fort behind, which no enemy could attack with possible advantage, to move forward to invade other countries, and attack especially one country, and that is our own, which we have left totally unguarded against all these assaults. We have left it unguarded because we think we are wiser than all the rest of the world; and the result has been that, although our fort has not been taken yet, it has received a very heavy battering, and the time may come when perhaps we shall be unable any longer to defend it.

Now, these foreign countries have every advantage in their attack. They do not come like unarmed savages even to attack such a defenceless village as Great Britain, but they come armed with bounties of every kind. They have none of the disadvantages—I mean in a comparative sense—from which we suffer. We, in a spirit of humanity of which I entirely approve, have passed legislation, to which I may say, I think without boasting, I myself contributed very largely, to raise the standard of living amongst our working people, to secure to them higher wages, to save them from the competition of men of a lower social scale. We have surrounded them with regulations which are intended to provide for their safety. We have secured them, or the majority of them, against the pecuniary loss which would follow upon accidents incurred in the course of their employment. There is not one of these things that I have not supported. There is not one of them which I did not honestly believe to have been for the advantage of the country.

But they have all entailed expense. They have all raised the cost of production. And what could be more illogical than to raise the cost of production in this country in order to promote the welfare of the working classes, and then to allow the products of other countries, which are not surrounded by any similar legislation, which are free from all similar cost and expenditure—to allow them freely to enter our country in competition with our goods which are hampered in the struggle? I say to my fellow subjects and fellow countrymen, the great mass of the people that depend upon their work for their wages and for the subsistence of their families—I say, “You are inconsistent; you are adopting a suicidal course. If you allow this state of things to go on what will follow? If these foreign goods come in cheaper one of two things must follow. Either you will have to give up the advantages which you have gained, either you will have to abolish and repeal the fair wages clauses and the Factory Acts and the Compensation to Workmen Acts, either you will have to take lower wages, or you will lose your work. You cannot keep work at this higher standard of living and pay, if, at the same time, you allow foreigners, at a lower standard and at a lower rate of pay, to send their goods freely in competition with yours.”

Well now, the Cobden Club all this time rubs its hands in the most patriotic spirit and says—“Ah, yes, but how cheap we are buying.” Yes, but have you thought how this affects different classes in the community? Take the capitalist—the man living upon his income. His interest is to buy in the cheapest market, because he does not produce. The lower he can get every article he can consume the better for him. He need not buy a single article in this country. He can invest his money in foreign countries and live upon the interest, and then it will be said that the country is growing richer because he is growing richer. But what about the working-men? They cannot do without work, and yet the work cannot exist if the article is not produced in this country. This is the state of things against which I am protesting. You have suffered here in Greenock, and in many other parts of the country; but your suffering has been nothing to what it is going to be. I raise this question, not without some boldness, in a time of prosperity. But a time of depression is at hand, and what is going to happen then?

Now, I call your attention to a matter of the greatest interest and importance which has just come to my knowledge. In a letter recently published in the *Times*, a correspondent calls attention to an interview which was held in Philadelphia, and published in the *Philadelphia Ledger*, the great newspaper of that city, between a director of the American Steel Trust and the reporter. The American Steel Trust is the greatest of all the American Trusts. It produces at the present time 20,000,000 tons of steel per annum—a very much greater quantity than is produced in this country. The director told the reporter that trade was falling off. There are many reasons for that.

Financial difficulties in America seem likely to hasten the result. Orders are falling off. The demand for the railways is less, and this director anticipated that before long the American demand would fall several millions of tons short of the American supply. "What are you going to do?" said the reporter. "Oh," said he, "we have made all our preparations. We are not going to reduce at all our output. We are not going to blow out a single furnace. No. If we did, that would be injurious to America. We should have to turn out of our works into the streets hundreds of thousands of American workmen. And therefore, what we are to do is to invade foreign markets."

Prospect to excite gravest anxiety. Now, remember it may not be easy for them to invade the German market or the French market or the Russian market, because there they will find a tariff which, if necessary, can be raised against them. They will come to the only free market. They will come to this country, and before you are three or four years older, unless there is a change in the situation, I warn you you will have dumped down in this country here millions of tons of American iron. There is no iron manufacturer in this country who can regard such a prospect as that without the gravest anxiety. You will see many iron-works closed. You will see others continuing at a loss, struggling for better times. But what will become of the workmen employed? Hundreds of thousands of English workmen will be thrown out of employment to make room for hundreds of American workmen, who are kept in employment even during bad times by this system. I sympathise with the American workman. I am very glad that by any means he should be kept in employment. But, after all, I belong to this country, and I admit I am not cosmopolitan enough to see the happiness and the success and the prosperity of American workmen secured by the starvation, the misery, the suffering of British workmen.

Condition of the working classes. And now I venture to say that no one has striven more continuously than I have to advance the condition of the working people of this country. But of this I am certain, that all I have done, all that others have done, is as nothing in comparison to what we might do. Free Education, the Factory Acts, Mining Regulations, Fair Wages Clauses, Compensation for Accidents, all of these are good, all of them have been of great advantage, but they are nothing in comparison with any policy or any legislation which would insure full employment, continuous employment, at fair wages; and if your employment is filched from you, if you have to accept starvation wages, if you have to give up the advantages which you have obtained, then I tell you that your loaf may be as big as a mountain, and as cheap as dirt, and you will be in the long run the greatest sufferers.

Statistical illustrations. Well, now, let us look a little further into the matter, and again I will give you a figure or two as illustrations. Take other periods, if you like. This time, in deference to the *Glasgow Herald*, I won't take 1872 as a starting-point. This time I will take 1882—that is twenty years ago. In the

course of the twenty years since 1882 the total imports of foreign manufactures have increased sixty-four millions. Meanwhile our exports of manufactures to these countries have increased twelve millions. So that on the balance we have lost fifty-two millions. Now, I know perfectly well it is very difficult to make people appreciate the meaning of millions. People who very seldom see many shillings or pounds together find it very difficult to understand what ten hundred thousand pounds mean, and still more what fifty-two times ten hundred thousand pounds mean. Therefore I intend, as far as I can, throughout this discussion to translate money into work.

**Money
translated
into work.**

What would this fifty-two millions of money have given to you if you had been able to keep it? Fifty-two millions a year would have provided constant employment at 30s. per week for 333,000 work-people. It would have provided, of course, subsistence for their families—that is, for more than one and a half million of people. We are all agreed that that would be worth having. If you could employ to-morrow—if a new trade suddenly sprang up anywhere which employed 333,000 men, and kept 1,500,000 people in comparative comfort, would not you say that the person who brought it to you was the greatest philanthropist you had ever known?

**A comforting
doctrine.**

But what do the Free Traders say—no, I will not call them Free Traders—what do the free importers say? They say—"Yes, it is quite true the foreigners are doing the work of 333,000 British workmen, and they are earning the wages that would have supported 1,500,000 British people. This is true. That does not matter in the least to the British workmen or the British people, because they have found other employment. They have been turned out of this employment or that employment, but they have gone into something else. They are getting just as much. They are just as well off. They have not lost by the change, and they need not complain because the foreigners have gained." Well, that is a very comforting doctrine—for the armchair politician. But is it true?

**Decline of
sugar
refining.**

Now, I come with particular interest to a Greenock audience. It so happens that you have in your midst a certain experience with regard to this. You are some of the people whose trade has been taken from you by the superior advantages of the foreigner. Has it injured you in the slightest degree or not? Do you care whether that trade was lost, or not, or whether it should be re-established or not? Would you like to see one after another following it, always confident that your friends, the Cobden Club, would still say, "Oh, you will find some other occupation"? Now, I say you are an illustration. Of course, I refer to sugar. Greenock was one of the great centres of the sugar trade. You had many refineries here—a profitable trade, not only employing a great number of work-people itself, but also giving employment in subsidiary industries to any number of your countrymen. Then comes the foreign competition, aided by bounties, and your trade declines enormously.

Only the very best, the very richest, the most enterprising, the most inventive, can possibly retain their hold upon it.

**What has
become
of the
workman?**

If there had been no bounties and no unfair competition of this kind, what would have happened? In the last twenty or thirty years the consumption of sugar throughout the world has increased enormously. The consumption in this country has increased enormously, and you would have had your share. I do not hesitate to say that if normal conditions, equal fairness, had prevailed at this moment, that in Greenock, quite independently of all other industries which you may have, there would have been in sugar alone ten times as many men employed as there were in the most palmy days of the trade. But normal conditions have not been obtained. You have been the sufferers, and, as I have said, a great many of your refineries have been closed. Capital invested in them has been lost, and the workmen who worked in them, what has become of them? Now that is the question I should like to ask you. I wish I could follow the life-history of every man employed in a sugar refinery, or other industry dependent on sugar refineries, and who has been thrown out of employment by unfair foreign competition. Has he found other employment?

**Secondary
industries.**

In the House of Commons, in a debate the other night, when the resolution was finally passed approving of the Act which abolishes these bounties, there were men to be found, not on one side of the House alone, who defended them, to my mind, with extraordinary result. One speaker in particular ventured to tell the British House of Commons that in his opinion our primary industries were perhaps doomed, and that we should find compensation in secondary and subsidiary industries. We are to depart from our high position. We are to lose the great industries for which this country has been celebrated, which have made it prosperous in the past. We are to deal with inferior and subsidiary industries. Sugar has gone. Let us not weep for it, jam and pickles remain. Now, of all these workmen, these intelligent artisans, who were engaged tending and making the machinery for sugar refining in this country, I would like to know how many have found a resting place, have found equivalent wages and comfort, in stirring up jam pots and bottling pickles.

**Transfer of
labour a
doctrine of
pedants.**

This doctrine, this favourite doctrine, of the transfer of labour is a doctrine of pedants who know nothing of business, nothing of labour. It is not true. When an industry is destroyed by any cause, by competition as well as by anything else, the men who are engaged in that industry suffer, whatever happens in the future. Their children may be brought up to new trades, but those who are in the middle of life or past middle life will feel the truth of the proverb that you can't teach old dogs new tricks. You cannot teach the men who have attained to skill and efficiency in one trade, you cannot teach them on a moment's notice, skill and efficiency in another.

**What free
imports
have done.**

Well, free imports have destroyed, at all events for the time—and it is not so easy to recover an industry when it has once been lost—but they have destroyed sugar refining for a time as one of the great staple industries of the country, which it ought always to have remained. They have destroyed agriculture. Mr. Cobden said—and again I am sure he spoke the truth as it appeared to him—that he was convinced that if his views were carried, not an acre of ground would go out of cultivation in this country, no tenant farmer would be worse off. I am not here to speak to an agricultural audience; but if I were, what a difference there would be between that expectation and hope of Mr. Cobden and the actual circumstances of the case. Agriculture, as the greatest of all the trades and industries of this country, has been practically destroyed. Sugar is gone. Silk is gone. Iron is threatened. Cotton will go.

**Take
warning by
the past.**

How long are you going to stand it? At the present moment these industries, and the working-men who depend upon them, are like sheep in a field. One by one they allow themselves to be led to slaughter, and there is no combination, no apparent prevision of what is in store for the rest of them. Do you think, if you belong at the present time to a prosperous industry, that your prosperity will be allowed to continue, that the same causes which, as I have said, have destroyed some of our principal industries, which are in the course of destroying others, that they won't be equally applicable when your turn comes? This is not a case in which selfishness will pay. This is a case in which you should take warning by the past, which you should show some foresight as to the future.

**The
remedy.**

What is the remedy? What is it that the Prime Minister proposed at Sheffield? He said—I am not quoting his exact words—let us get rid of the chains which we ourselves have forged, which have fettered our action. Let us claim the same freedom as every other civilized nation. Let us say to those foreign countries, “Gentlemen, we desire to be friends with you. We are Free Traders in the best sense of the word. We are ready to exchange, but if you say that it is your settled policy that you will not buy from us, we will tax your exports, and we will not look further afield, we will look nearer home. We will go to our own friends and kinsmen who are perfectly ready to meet us on equal terms, and who ask only for reciprocal preference.” Well, but then we are told if we do this the foreigners will be angry with us. Has it come to that in Great Britain? It is a craven argument. It is worthy of the Little Englander. It isn't possible to any man who believes in his own country. But the argument is absurd. Who is to suffer? Are we so poor that we are at the mercy of every foreign State, that we cannot hold our own, that we are to fear their resentment if we imitate their own policy? Are we to receive their orders with bated breath and whispering humbleness?

**Nothing
to fear
from the
foreigner.**

Now if that were true, I should say indeed that our star had already set, and that it was not worth any one's while that cared to speculate on our possible future. But it is not true. There is not a word of truth in it. We have nothing to fear from the foreigner. I do not believe in a war of tariffs, but if there were a war of tariffs, I know that we should not come out second best. Why, at the present time ours is the greatest market in the whole world. We are the best customers of all those countries. There are many suitors for our market. We may reject the addresses of some, but there is no fear that we shan't have other offers. It is absolutely absurd to suppose that all other countries, keenly competitive amongst themselves, would agree among themselves to fight with us when they might benefit at the expense of their neighbours. Why, at the present time we take from Germany about twice as much as she takes from us. We take from France about three times as much. From the United States of America we take about six times as much as they take from us. Who is it that stands to lose if there is to be a war of tariffs?

**A great
reserve across
the seas.**

And there is something else. We have what none of these countries have. We have something, the importance of which I am trying to impress upon my countrymen, which at present they have not sufficiently appreciated. We have a great reserve in the sons of Britain across the seas. There is nothing we want that they cannot supply. There is nothing we sell that they cannot buy. One great cause for the prosperity of the United States of America is admitted by everyone to be the fact that there is a great empire of seventy millions of people, that the trade of these people alone, without any assistance from the rest of the world, would insure a large amount of prosperity. Yes, but the British Empire is even greater than the United States of America. We have a population—it is true, not all a white population—we have a white population of over sixty millions against seventy millions—who are not all white by-the-bye—of America. We have in addition three hundred and fifty or more millions in the States under our Protectorate, under our civilization, sympathising with our rule, grateful for the benefits that we accord to them—all of them more or less prospective or actual customers of this country.

**Past attitude
towards
the colonies.**

In times past we have in some inconceivable way ignored our colonies. We have not appreciated their greatness. We have not had imagination enough to see that great as they are there is no limit to what they may become. We have gone through a time—it is a significant fact—we have come through a time when the men who advocated Free Trade in this country were at the same time absolutely indifferent to all idea of Empire, and considered the colonies as an incumbrance which we ought to get rid of. That lasted for thirty years, and in the course of that time we tried hardly the patience of our sons across the seas. We tried hardly their love to us, their devotion to the mother country. They began to think that we had no sympathy with their aspirations. We

only regarded them as troublesome children, and wished to get them out of the house, and therefore it would be their duty equally to break with all the sentiment which would otherwise have held us together, it would be their duty absolutely to find for themselves, and leave out of account everything which concerned the Empire of which they form a part.

That was not their fault. That was our fault; and **A good deal still to make up for.** although now we have done our best to correct the impression, although now there is no man living who thinks, or if there is one who thinks, there is none who dares to say, that he would wish to get rid of the colonies, that he does not desire a closer union—yet we have a good deal to make up for. We have to show that, whereas we or our ancestors advocated separation, we are prepared to do all in reason that is demanded of us, in order to create a greater and a closer union. The colonies are no longer in their infancy. They are growing rapidly to a vigorous manhood. Now is the time, the last time, when you can bind them closer to you. If now you disregard their aspirations and wishes; if, when they make you an offer, not in their interests, not specially in their interests, but in the interests of the Empire, of which we are all a portion—if, when they make you this offer you reject it or treat it with scorn, you may do an injury which will be irreparable; and whatever you yourselves may feel in after life, be sure that your descendants will scorn and denounce the cowardly, the selfish policy which you will have pursued.

Splendid isolation. We can, if we will, make the Empire mutually supporting. We can make it one for defence, one for common aid and assistance. We are face to face at this time with complications in which we may find ourselves alone. We have to face the envy of other people who have noted our wonderful success, although I do not think that it has ever done them any harm. We have to face their envy, their jealousy, their desire, perhaps, to share the wealth which they think us to possess. I am not afraid. We shall be isolated. Yes. But our isolation will be a splendid one if well fortified and supported—if this country is buttressed by the affection and the love of all those kinsmen, all the States of Britain throughout the world. We shall rest secure if we continue to enjoy the affection of all our children. When I was in South Africa, nothing was more inspiring, nothing more encouraging to a Briton, than to find how the men, who had either themselves come from these shores or who were the descendants of those who had still retained the old traditions, still remembered that their forefathers were buried in our churchyards, that we spoke a common language, that we owned a common flag, still in their hearts desire to be remembered above all as British subjects, equally entitled with us to a part in the great Empire which they as well as we have contributed to make.

Not enough to shout for Empire. The sentiment is there, powerful, vivifying, influential for good. I did not hesitate, however, to preach to them that it was not enough to shout for Empire, that it was not enough to bear this sentiment in their hearts, but that they and we alike must be content to make a common sacrifice,

if that were necessary, in order to secure a common good. And to my appeal they rose. And I cannot believe that here in this country, in the mother country, their enthusiasm will not find an echo. They feel as I have felt, as you feel, that all history is the history of States once powerful and now decaying. Is Britain to be numbered among the decaying States? Is all the glory of the past to be forgotten? Are we to prove ourselves degenerate sons of the forefathers that left us so glorious an inheritance? Are we to be a decaying State, are the efforts of all our sons to be frittered away? Are all their sacrifices to be in vain? Or are we to take up a new youth as members of a great Empire, which will continue for generation after generation, the strength, the influence, the power, and the glory of the British race?

That is the issue that I present to you. That is the great and paramount issue. The personal issue is, perhaps, not less important. It is a question, as I have said, of your employment, of your wages, of your standard of living, of the prosperity of the trade in which you are interested. These are questions vital to the people of Great Britain. They are not to be decided by partisan outcries or personal abuse. They are not to be decided by ridiculous appeals to the big loaf and the little loaf, to bogeys which do not frighten sensible people, bogeys which are only addressed to the timid man, or to the man who is so prejudiced that he cannot open his mind. These are the issues that I present to you.

And, gentlemen, the decision rests with you. Thank goodness we enjoy a democratic Constitution. Rightly or wrongly, and, as I think rightly, the power lies with the people. No dictatorship is possible. No policy can be forced upon you to give a preference to the colonies, to put a duty upon foreign manufactures, to protect your trade. If you choose to remain unprotected, if you do not care for your colonies, no statesman, however wise, can save these colonies for you. You cannot shift the responsibility upon us. We look to you. We appeal to you. We try to put the question fairly before you. The decision, as I have said, is yours. I have been in political life for thirty years. It has been the cardinal feature of my political life that I have trusted the people. I believe in their judgment, in their good sense, in their patriotism. I think that sometimes their instincts are quicker and their judgment more generous and more enlightened than that even of classes that have greater education, and have, perhaps, greater belongings, and so are more timid and cautious.

Burke, one of the greatest of our statesmen, said, I think, something to this effect—that the people were generally in the right, but that they sometimes mistook their physicians. Gentlemen, do not mistake your physicians. I am told, or I read the other day, the speech of a Scottish member, who, referring to this subject, said that it was matter for congratulation that in putting these views before my countrymen I was committing political suicide—that my career would certainly be

terminated. It was a kindly thought, graciously expressed, worthy of the gentleman who uttered it. But it does not alarm me. I have in times past, and more than once, taken my political life in my hand in order to teach what I believed to be true. No man as a statesman is worth his salt who is not prepared to do likewise. I care nothing what the personal result may be. I beg of you not to consider it for a moment. I appeal to you to consider that in this matter the interests of your country, the interests of your children, the interests of the Empire, are all at stake. I ask you to consider impartially the argument that I have put before you, and I pray that you may come to a right decision.

Mr. Asquith

at Cinderford.

8TH OCTOBER, 1903.

MR. ASQUITH, after a brief reference to the Education question and the report of the War Commission, said :—

But at the moment another subject, equally unexpected, and, as I believe, equally ominous of ill to the Government and their supporters, occupies the forefront of the political stage. A little less than six months ago, the then Colonial Secretary startled the world by the announcement that the British Empire was in danger; that its unity could only be preserved by preferential tariffs, and preferential tariffs involving a tax upon the necessary food of the people of the United Kingdom. These opinions the speaker has during the present week further developed and defended, and with them it will be my duty in a few minutes to come to close quarters.

But I must first, if you will allow me, glance back for **Mr. Balfour's** a moment at the intervening chapter of history since this **open mind.** new policy was first announced. What has been and what is the attitude of His Majesty's responsible Government, and, in particular, of the first Minister of the Crown? Mr. Balfour declared, in the first instance, that he personally had an open mind; further, as he told us last week, I think at Sheffield, that he would have been content to see this matter—a matter which, in the opinion of his most distinguished colleague, was one of life and death to the kingdom and Empire—he would have been content to see it left an open question amongst the members of his own Government and his own party. An open mind needs to be informed. Accordingly a so-called inquiry was set on foot. Under that pretext, during what remained of the Parliamentary Session, discussion in the House of Commons was, with more or less success, kept at bay, the Government declaring that until the inquiry was over there was no policy which, as a Government, they could collectively be called upon either to define or to defend. The prorogation took place, and, as we now know, early in August the Prime Minister composed and circulated amongst his colleagues an academic treatise on fiscal retaliation.

**The Prime
Minister's
Pamphlet.**

It was, if I may say so with respect, a most elegant and ingenious disquisition; but, for all it had to do with the proposals of Mr. Chamberlain, it might just as well have been written and published in Mars. It contained, it is true, a few perfunctory and not altogether accurate statements as to the conditions of British trade, but for the most part it was concerned with the operation of an imaginary code of an imaginary Cobden upon an imaginary island in an imaginary world. Another month passed, and at the end of that we were given to understand, first by correspondence which took place between Mr. Balfour and Mr. Chamberlain, and then by the speech of the former at Sheffield, that under some undefined influence the open mind of the Prime Minister had closed. His fluid opinions had crystallised into convictions, and, in principle, he had become a convert to Mr. Chamberlain's fiscal proposals.

**Mr. Balfour
and Mr.
Chamberlain.**

It seems that there is a wide gulf between a convert in principle and a fellow-worker in the mission field. "I do not think," said Mr. Balfour, at Sheffield, "that public opinion in this country is ripe for the taxation of food." It is not as though he, the leader, as he reminded us, of a great party, giving a lead to that party upon a critical occasion—it is not as though he professes to agree with public opinion. On the contrary, he does not disguise his view that public opinion upon this topic is the slave and the dupe of ingrained political prejudice and perverted historical analogies; but, bad as he thinks it, and wrong as he thinks it, he is not going to engage his party to combat and convert it. No; for himself and his colleagues he has abandoned the open mind, but the open field he leaves to Mr. Chamberlain. He is asked to give a lead, and what is the lead that he gives? In effect, what he says to his followers is this:—For the moment we will all combine to talk generalities about retaliation or freedom of negotiation, which may mean anything or which may mean nothing; in that way the unity of our party will be secured; but none the less our lamented colleague, Mr. Chamberlain—who, as all the world can see, has parted from me and I from him in a glow of mutual appreciation and regret—our lamented colleague will continue to conduct, ostensibly from outside, his propaganda for the taxation of bread and of meat. In the meantime, I, the Prime Minister, having shed my free-trade colleagues, will contemplate his operations from afar, with undisguised, though for the moment inactive, sympathy, waiting, with my sickle ready, for the ripening of the harvest. Well, I think the circumstances of which I have given you a brief, though not a complete, narrative—for I abstain to-night from touching upon the still unexplained incidents of a personal kind—those circumstances make it necessary that I should pause for a moment before I come to deal with the real issue before the country.

**Retaliation :
the Official
Programme.**

Let me, then, say one or two preliminary words upon this topic of retaliation, or freedom of negotiation, which is provisionally, and until the harvest ripens, the official programme of the Tory Party. What does it

mean? Why do we—we Liberals, we free-traders—why do we decline to assent to such a policy? Not because, as Mr. Balfour seems to suppose, not because it conflicts with some abstract proposition in some absolute creed. Not because, as Mr. Chamberlain suggested in a flight of claptrap last night, not because we are craven, poor-spirited Little Englanders—we seem to be getting back to the rhetoric of 1900 very quickly—who are afraid to meet force with force. Nothing of the sort. If we oppose retaliation as a policy, it is because we believe that experience shows—and to experience, and experience alone, we should appeal—that in practice it is futile as a weapon of offence, and in the vast majority of cases it is infinitely more mischievous to those who use it than to those against whom it is directed.

What are the grounds put forward in favour of the adoption of this weapon? In the first place, it is said—
The Sugar Bill. I fail to understand the argument myself—it is said we are not at present free to negotiate with foreigners. Who has taken away our freedom? When did it cease to exist? Is there anyone who will tell you that the House of Commons is not perfectly free at this moment to deal with any case that might arise on its own merits? Why, only this very session we were occupied, some of us, in resisting and opposing, the majority of the House of Commons in passing, a measure of retaliation proposed by the Government. I mean the Sugar Bill. It is significant as the very first attempt made in our time, and, I regret to say, successfully made, to induce the consent of Parliament to a course the result of which will be to increase the price of one of the necessities of life to the people of this country. Parliament is perfectly free to do what it pleases in matters of this kind; but if by that added freedom which is asked for is meant this—that Parliament is to entrust the Executive of the day with the power of imposing at its will and pleasure some exceptional tariff against the goods of particular countries—then I venture to say that that is a power which Parliament will never confer upon the Executive. It would be inconsistent with the constitutional principles by which this country is governed.

Then, again, it is said that the world has become
 1846 more protectionist and tariffs more severe since 1846,
 and to-day. when free trade was established. That is not the fact.

The tariffs of the world are not more severe, and protection is not more advanced, than in 1846. The tariffs of the present day, although it is quite true they have been increased in stringency during the last thirty years, are mildness itself compared with those that existed when free trade was first established. Sir Robert Peel, speaking to a world then engirdled by protectionist tariffs, in 1846, said :—"I do not care whether foreign countries remove those tariffs or not. It is the duty and the interest of this country to fight tariffs by free imports." Then, further, it is said that protectionist tariffs are in an increasing extent directed expressly against this country, either intentionally or in effect. That is a statement absolutely without foundation. In any given protectionist tariff you like, the import

duties are directed just as much against our protectionist rivals as against ourselves. In any given protected market—for instance, Germany—we, through the operation of the most-favoured nation clause in our treaties, are on as good a footing as any of our protectionist rivals.

German and British exports to protected markets. Just let me give you one set of figures which illustrate my point very well. I will take the imports into two protected markets, the one France, a highly protectionist country, the other the United States, with the exception of Russia, the most rigidly protected market in the whole world. These are the two markets, and I will compare the imports into these two markets from the United Kingdom, a free-trade country, as compared with the imports from Germany, a protectionist country. I will take the annual average of five years from 1896 to 1900. Into the protected market of France the free-trade United Kingdom sent 24 millions of imports, as against 15 millions from the protectionist country Germany. Then into the protected market of the United States of America the free-trade United Kingdom sent 27 millions, as against 16 millions from the protectionist Germany. We are, therefore, more than holding our own.

German and American Home Markets. Countries like Germany and the United States are, it is true, supplying for themselves a larger proportion than before of their home consumption. Just consider. Here are two great countries which, though somewhat late in beginning, have in the last generation been rapidly developing their enormous natural resources, occupied in the case of Germany by a population largely exceeding our own, and in many respects, I regret to say, better trained for industrial purposes. You have these two peoples, with a growing progress of agricultural and manufacturing industry, each contiguous to the market, knowing better than anybody else can the wants and tastes of their own fellow-citizens, and able to appeal, as we in this country do at times, in order to obtain preference for their own goods, to patriotic and national sentiment. When you take all these things into consideration, it would have been a miracle if, quite independently of protection, they had not been able to obtain growing command over their own markets and their own consumption.

What are we to retaliate on? But let me put one final question, which clinches the whole matter. What are you going to retaliate upon? It is all very well to use this vague rhetorical language about negotiation, and standing up to the foreigner, and not taking his insults lying down. I want to know from Mr. Chamberlain upon what is he going to retaliate. Here we come to the very crux, and, indeed, the very heart, of the whole matter. You cannot retaliate effectively in this country upon protected countries without imposing a tax upon food or raw material. I give you one or two figures which have been put in very striking form by Sydney Buxton. He takes Russia and the United States, the two most protected countries in the world. Suppose you want to retaliate upon

Russia. Out of our total imports from Russia, amounting to 25 millions, 23 millions, or eleven-twelfths, consist of food stuffs and raw materials; so that we cannot retaliate upon Russia without at the same time injuring either our working classes or our manufacturers, or both. What is the case of the United States? Out of 127 millions of imports from the United States in 1902, 108 millions, or five-sixths, were also food stuffs or raw materials. The moment you begin to translate these vague platform phrases into practice, you find that they cannot be carried out as a policy without doing to you here in Great Britain as great, and probably more, harm than the persons against whom that policy is used.

Dumpophobia. Let us pass from Sheffield to Glasgow. I must say that, from one point of view, it is rather a relief to do so. It is something like passing from the atmosphere of the footlights, after the curtain has been rung down upon a rather sorry farce, to the bustle and animation and reality of life in the open air. Mr. Chamberlain may be right or he may be wrong. For my part, I think he is profoundly wrong. At any rate, he knows what he thinks, he says what he means, and he does not "let I dare not wait upon I would." Mr. Chamberlain in his first speech made an appeal that great issues like this should be fought without heat or prejudice, by the weapons of argument and in the temper of honest controversy. I heartily re-echo that appeal, and I do so with the more urgency to-day, after the sneers and gibes and almost hysterical dumpophobia of an oration delivered at Greenock last night.

Mr. Chamberlain's two objects. Mr. Chamberlain says he has two objects in view. The first is to maintain and increase the prosperity of the United Kingdom, and the second is to cement the unity of the Empire. We all agree as to these two objects, to which I will venture to add, not by way of qualification, but simply by way of supplement, that the one end must not be sought, and cannot be attained, at the expense of the other. In the long run, depend upon it, you will not promote the unity of the Empire by anything that arrests or impairs the material strength of the United Kingdom. Mr. Chamberlain says, and says truly, that the Colonies ought not to be treated as an appendage to Great Britain. I agree, and neither ought Great Britain to be treated as an appendage to the Colonies. After all—we must put in a word now and again for poor little England—after all, this United Kingdom still remains the greatest asset of the British Empire, with its 42 millions of people, with its traditions of free government, with its indomitable enterprise, with its well-tryed commercial and maritime prowess. Anyone who strikes a blow at the root of the prosperity of the United Kingdom is doing the worst service which can be done to the Empire to which we are all proud to belong.

His two spectres: are they real? Mr. Chamberlain is haunted by two spectres. The first is the approaching decay of British trade, and the other is the possible break up of the British Empire. I will endeavour to illustrate my own precepts and discuss

this matter without heat and by argument. Let us see if the spectres are real. Let us be perfectly sure about the disease before we resort to remedies which are admittedly heroic, and may be desperate. First of all, I ask your attention to this. Mr. Chamberlain said at Glasgow the other night—and no more astounding declaration has been made by any public man within my memory—that in the United Kingdom trade has been “practically stagnant” for thirty years. That is the basis on which he proceeds. Let me ask my fellow-countrymen to see what has been our condition during this era of stagnant trade. During that period the amount assessed to the income tax has doubled; the interest upon our foreign investments has more than doubled; the deposits in our savings banks have multiplied two and three-fold; the bankers’ cheques cleared, taking the annual average, have risen in amount from 5,300 millions to over 8,000 millions sterling; and last, but not least, the wages of the working classes have risen, measured not merely in terms of money, though there has been a considerable rise in our money wages, but much more measured in their real terms, in the terms of that which money can buy.

**Germany, the
protectionist
paradise!**

As the Board of Trade has told us, 100s. buys as much as 140s. twenty years ago. Talk about Germany, the protectionist paradise! I hope you will compare, from the material the Blue-books place at your disposal, the wages, the standard of living, and the hours of labour of the German workmen and your own. Well, all that has been going on, this enormous accumulation of wealth, this steady rise in the savings of all classes of the country—all that has been going on through this period of “stagnant trade.”

**Mr. Chamber-
lain ignores
our home
trade.**

The truth is, Mr. Chamberlain entirely ignores the whole of our home trade, as do most of the new protectionists, and that is at the bottom of not a few of their fallacies. It is difficult to say exactly what the bulk of our home trade is; but the Board of Trade have computed that as the wages paid in the export trade are something like 130 millions, and as the total wage-bill of the country is between 700 and 750 millions, the export trade does not employ more than one-fifth or one-sixth of the whole labour of the country. I say, then, my first point is, you cannot judge of the industrial condition and progress of the country by looking only at its foreign trade. You are leaving out of sight by far the most important factor in making up the account. Indeed, even a slackening in your export trade may be a proof and consequence of the activity of your trade at home. It was so in certain industries in the year 1900, and the reason why in those times exports did not increase at the same ratio as before had little or nothing to do with hostile tariffs. It was because our manufacturers and those they employed, were so busy meeting the demand of the home market that they had not the time, the machinery, the appliances, to satisfy the demands from abroad. That is not all. Mr. Chamberlain begins by ignoring the home trade.

**Exports alone
an absurd
criterion.**

If you take the foreign trade, or, to use a better expression, trade carried on oversea, it is a perfectly absurd criterion to measure its extent or profitability

by looking, as Mr. Chamberlain does, to exports alone. It would be just as reasonable to determine a man's wealth by the amount of the man's expenditure without looking to his income, as to compare the profitableness of the foreign trade of a country by looking only at the exports. Why, if you look at what Mr. Chamberlain says, as between 1872 and 1900, there has only been a paltry rise of between 20 and 30 millions in exports; but if you look at the whole foreign trade and exports and imports together, you find a very different state of things. Take the three decennial periods. From 1873 to 1882, the oversea trade averaged 662 millions; from 1883 to 1892, the average was 696 millions; from 1893 to 1902, the average was 771 millions. In other words, if you take our trade as a whole, the annual average is considerably over a 100 millions in thirty years.

But that does not complete the account of the matter. If you want to look at exports alone, even then you must not confine your attention to goods that are exported, because, in order to pay for all our imports, we do a great deal more than to send to foreign countries our goods. We perform services for them, and, in particular, we do services in performing the carrying trade of the world. Imagine a man coming before the public with the responsibility of a great statesman and telling them that trade is in a stagnant condition, when he has not even taken the trouble to bring into account the amount that we are earning every year by our shipping throughout the length and breadth of the world! I will just give you one figure with regard to that. The Board of Trade estimate of the annual earnings of our shipping comes to 90 millions a year, a figure Mr. Chamberlain has left altogether out of the account, although it is strictly relevant, and strictly comparable with and belongs to the same class as the exports of our goods. Now, is that a growing or a diminishing quantity? I will compare the figures of the United Kingdom under free trade with the figures of the United States under protection. In 1870, just about the time that Mr. Chamberlain has taken for his comparisons, our tonnage of oversea shipping was 5,700,000; in 1902 it was 10,000,000 tons. In other words, it has increased very nearly 100 per cent. Now, in 1870 the oversea shipping tonnage of the United States was 1,500,000; in 1902 this had fallen to 880,000 tons, or a diminution of between 40 and 50 per cent. If it is true, as Mr. Chamberlain has told us, that we are sending less manufactured goods into the United States, you must not forget that at the same time we are performing for the United States, not gratuitously—great as is our affection for the United States—not gratuitously, but for value received, the service of carrying their goods as well as ours all over the world. While their shipping has declined, owing to the excessive cost of ship-building which protection brings about, our shipping under free trade has most continuously and most prosperously increased.

The year 1872. My last criticism upon this part of Mr. Chamberlain's case is this, that he has committed an absolutely

unpardonable error—unpardonable in a man who has acquainted himself with the A B C of the subject—in taking the year 1872 as the year for his comparisons. If you had taken 1870, two years before, or if you had taken 1876, four years after, instead of finding only a growth of 20 to 30 millions, you would have found a growth of over 80 millions in exports; and, what is still more striking, if you had taken the exports of 1900 at the prices of 1872, you would have found that they amounted to 425 millions, or an increase of 170 millions, instead of Mr. Chamberlain's 30 millions.

To sum up what I have been saying about this, I **Four distinct fallacies.** have pointed out that this allegation, that during the last 30 years British trade has been in a stagnant condition, involves at least four distinct fallacies. Let us enumerate them once more. In the first place, it entirely ignores the home trade, which is a much more important factor than foreign trade; in the second place, it makes exports alone the criterion of the volume of our trade; in the third place, it places among exports exported goods alone, and takes no notice of the services that we render to other countries; finally, even taking exported goods as the criterion, a year is deliberately selected which is no fair test of the matter at all. Then what becomes of the case which is the foundation of Mr. Chamberlain's contention that British trade has been in a "stagnant" condition during the last 30 years?

The break up of the Empire: Then I come to the other assumption, which is, that unless we are prepared to establish a preferential tariff **a pure assumption.** we must look for a break up of the Empire. That is a pure assumption that we are asked to accept and act upon without a shadow of proof, or even a scintilla of evidence. For my part, I believe it to be—I use very plain language about it—I believe it to be a calumny on the Colonies and a slur upon the Empire. Now, it is part of Mr. Chamberlain's case under this head that our trade with our own Colonies is growing faster than our trade with the rest of the world. That is a very disputable proposition; but assuming, for the purpose of the argument, that it is true, we are all agreed in wishing that process to continue. If natural causes are already at work bringing it into operation, so much the better. But, anxious as we are to do all that is prudent and practicable to develop our trade with the Colonies, we free-traders do not believe, at least I do not believe, it is in any way desirable that we should have what is called a self-contained Empire between which and the rest of the world there are none of those commercial relations which are so fruitful of peace and amity and good will.

What we do for the Colonies. But quite apart from that, let me deal with this allegation, that unless something is done, and that something means taxing the food of the people of this country—unless something is done the Colonies will break away from us. No one has a higher and keener desire than I have to maintain and develop those friendly relations which of late

years have so happily come into existence between the Colonies and ourselves; but let me point out that the Colonies have absolutely no grievance of any kind against us. We give them free admission through our open door into the largest and best market in the whole world. On the other hand, they have at home complete fiscal autonomy. For my part, I believe if they had not had it the Empire would not have kept together so long. They have complete fiscal autonomy, and in the exercise of that freedom the large majority of them have erected protective tariffs, not only against foreign nations, but also against the mother country. I do not complain of that for a moment. If you give your Colonies freedom, as you were right to do, you must allow them to exercise it in accordance with local sentiments and local opinion.

Now, it is quite true that Canada has during the last few years voluntarily granted a preference to this country **The Canadian preference.** as compared with foreign countries in respect to certain classes of commodities. As regards that preference, let me remind you of two things. It was distinctly stated by the eminent Prime Minister of Canada, Sir Wilfrid Laurier, when the preference was granted that it was not a *quid pro quo*, that he did not ask anything in return, but it was a recognition that they got here in the home market of the mother country better treatment than in any of the foreign markets of the world. In the second place, let me point out that, in spite of the preference, the tariff of Canada has continued sufficiently high to prevent our manufactures competing effectively with their own home industries. Now preference of that kind, I need hardly point out, is of little value. In fact, during the time it has continued the trade of Canada with foreign countries, and particularly with the United States, has increased at a faster ratio than her trade with Great Britain. To bring this to a point, Mr. Chamberlain admits that it is hopeless to expect the Colonies to give up their system of protection on native industries. What does he propose that they should do? What are they going to give us for the preference we are asked to give to their products?

He makes two proposals, first, to do what Canada **Trade of foreign countries with the Colonies.** has already done, and charge a higher tariff on foreign than on British goods. Mr. Chamberlain calculates that this would secure to this country 26 millions of trade which is the trade now done, or supposed to be done, by foreign countries with the Colonies in commodities which we here in Great Britain could produce as well as these foreign countries. Of this 26 millions Mr. Chamberlain has already made a present of 13 millions in wages at Glasgow to the working men if they will only adopt his scheme. This is magnificent, but it is not business. In the first place, one trifling error which Mr. Chamberlain did not observe is this, that out of the 26 millions no less than ten millions is trade carried on between foreign countries and Canada, as to which we already enjoy a preference. That leaves you only 16 millions of possible gain in trade. Is there anyone, particularly with the experience we have had of Canadian preference, who supposes there is the remotest chance of

diverting any substantial share of that 16 millions to this country, particularly as it is as certain as that the sun will rise to-morrow that, as soon as we do that, foreign nations will begin reprisals on us, and do so more injuriously than we can possibly do to them?

Stereotyping Colonial industries. Mr. Chamberlain's second proposal is still more strange. He says the Colonies are to be asked to agree, not to start new industries in competition with ourselves.

I think in the same speech it was that he told us that these great and growing countries will soon have 40,000,000 of white inhabitants; and they are actually to be asked to stereotype their industrial condition, to arrest their industrial development, in order that the mother country may keep and increase the hold she has on their markets. And that is the proposition seriously made in the name and in the interests of Imperial unity! I should like to know what Sir Wilfrid Laurier would say. He said the other day that he would sooner face the disruption of the Empire than that Canada should part with her fiscal independence. To my mind, it is impossible to imagine a proposal, seriously meant, which would more certainly tend to engender friction, to foment quarrel, and in the long run to kindle disloyalty.

Now, while what the Colonies are to give us remains "What we are to give." in this hazy and uncertain condition, there is happily no doubt whatever as to what we are to give them. "If you want," says Mr. Chamberlain, "to prevent separation, you must put a tax upon food." You are familiar now with the details of the scheme, and I will not go into them with any minuteness. You know we are to have a 7 per cent. tax upon foreign corn and a rather higher tax apparently upon foreign flour, a 5 per cent. tax upon foreign meat, a 5 per cent. tax upon foreign butter and cheese, and, to round the thing off, a 10 per cent. tax upon all foreign manufactures. By way of compensation we are to have removed three-quarters of the tea duty and one-half of the sugar duty.

That is the scheme. Let me just make two or three **Protection an inclined plane.** general observations upon that. In the first place, the object being to make the Empire self-supporting, it appears to me, at any rate, to be an assumption of the most extravagant kind that a duty of 7 per cent. on corn and 5 per cent. on meat would make any substantial diversion in the sources of supply. When you think of Argentina, the United States of America, and the other countries competing with our Colonies in supplying us with food, it is ridiculous to suppose that a duty of 2s. on corn is going to turn the whole wheat supply of the United Kingdom into the, at present, undeveloped fields of Canada. I warn you of this. This would only be the first step. and it is a step which would operate so slowly and so partially that the demand for quicker movement would become irresistible. Your 5 per cent. would become 7 per cent., and your 10 per cent. 20 per cent., before you had time to turn round. Do not let anyone be misled about this talk of what duty you are to put upon corn and wheat. Protection is an inclined plane. Once you put your foot on it there is no logical halting-place until you get to the bottom.

**Canadian
wheat
grower v.
Canadian
lumberman.**

A second general observation about this. Mr. Chamberlain disclaims any intention of taxing raw material. Well, I have dealt with this point more than once, and I have never got a satisfactory answer from him or anybody else about it ; so I shall repeat here to-night that if he does not tax raw materials it is enough to dispose of the whole scheme, if its real and governing object is to weld the Empire together. If you impose a tax only upon foreign food, and not upon foreign raw materials coming into this country, your scheme of preference is lopsided, partial, and invidious. It is partial even as between different classes of producers in the same colony. No doubt Canada sends us a large quantity of wheat. She also sends us a large and increasing quantity of timber, and in the sending of this to the English market she is in close and keen competition with Norway and other countries. Now, what satisfaction is it to the Canadian lumberman who is trying to get into this market to know that his neighbour who grows wheat gets a preference here while he gets nothing ? And if that is the case between different classes in the same colony, how much stronger is it between different colonies ? I have referred before to the case of South Africa and I refer to it again. A tax upon foreign food will not do South Africa a ha'porth of good for the simple reason that South Africa does not export from her shores, and import into this country, any food whatever. If, as Mr. Chamberlain says, we must bind the Colonies to us by ties of material interest, and if we do not the whole thing will break up, what tie of material interest have you got with South Africa by the fact that you give a preference to Canadian wheat or Australian mutton. If South Africa does not

**The case of
South Africa.**

send you wheat or mutton she will want a preference for the thing which she does send you, and that is wool, the raw material for one of the greatest of our industries. I could go round the Empire and show you that unless you give preferences to raw material as well as to food it is absolutely impossible to put even upon its legs a scheme of logical and consistent preferences. Remember also this is not like leaving things alone. It is making things far worse than they were, because it is introducing, as between the component members of this great partnership, the British Empire, a new and perpetual source of heart-burning, rivalry, jealousy and discord. I do not envy the body—I do not know what body it will be—if Mr. Chamberlain's scheme ever comes into effect, which will have the duty of concluding separate conventions between this country and every one of its Colonies so framed that one shall not be preferred to another and that equal justice shall be done to all. The thing is an impossibility.

**Difference
between
revenue
and protective
taxes.**

Finally, my only other general criticism upon this part of the scheme shall be this. Never forget the difference between a revenue tax upon food and a protectionist tax. The taxes which Mr. Chamberlain says he is going to remit on tea and sugar are revenue taxes. The taxes which he is going to impose on wheat and meat are

protective taxes. What is the difference? A moment's reflection will tell you. In a revenue tax the increased cost to the consumer is substantially the amount of the gain to the Exchequer. Everything that is taken for the tea and sugar duties goes into the Exchequer and is added to the national resources. But in the case of a protective duty, the cost to the consumer is very much in excess of what goes into the Treasury, because he pays a toll to the favoured class of the community in whose interests the protective tax is imposed. I see it computed to-day on very good authority that whereas under Mr. Chamberlain's scheme a taxation of corn of 7 per cent. and of wheat and dairy produce of 5 per cent. something like five million sterling would go out of the tax into the Exchequer, no less than 16 million sterling will be taken out of the pockets of the consumer, and the great bulk of it will go into the hands of the English landowners.

The Working Man's Budget. Now I want to say one word, and it shall be one word only, for I will not go into minute details of a technical kind, I want to say one word only about the manner in which the scheme is worked out. By way of precaution, I may say at once that I entirely dispute the accuracy of Mr. Chamberlain's estimate of the effect which the imposition of these taxes upon the one hand and the remission of taxes on the other hand would have upon the working man's budget. I think he brings it out that the ordinary working man's family would slightly gain if bread and meat were taxed and a portion of the taxes upon sugar and tea were remitted. I wish to say here that I am satisfied that it is not so, but that it could be shown on the contrary that the ordinary working man's family would suffer very heavy loss. But I want to go to a point of still greater importance. It is this—that the whole thing rests upon a fallacy, this notion that you are going to compensate the working classes out of tea and sugar for the additional burden you put upon them in the shape of a tax upon wheat.

The sugar and tea duties. It rests upon a fallacy, because the whole of the sugar duty, and one-third at any rate of the tea duty, are no part of the permanent fiscal machinery of the country, but are temporary taxes imposed at times of war for the purposes of the war and with assurances that at the earliest possible moment they would be removed. Mr. Chamberlain has no right to treat them as part of the permanent fiscal burden of this country. What do they amount to? The sugar duty and one-third of the tea duty amount to £6,500,000 a year. I do not hesitate to say that it is the duty of the Chancellor of the Exchequer, and of any Chancellor of the Exchequer in any Government, to set to work at once to effect, as I believe he might easily effect, such reductions in the expenditure of the country as would enable him to withdraw with the shortest possible delay what were always intended to be temporary burdens. The difference between Mr. Chamberlain and ourselves is this, that we agree these duties ought to be reduced, but we say it is the duty of the Chancellor of the Exchequer to reduce them by economising expenditure. Mr. Chamberlain says, "I am in favour of reducing

them too, but you must pay the price in having entirely new taxes put upon your corn and meat."

The duty on foreign manufactures. I do not think I need say more about that. And now with regard to the proposed 10 per cent. duty on manufactures. I content myself to-night with one comment. We are told that it is to bring in nine millions. I should very much like to know how you are going to raise nine millions by a tax on foreign manufactures unless you treat as manufactures for the purpose of the tax articles like paper, leather, cement, and many forms of unwrought iron, which are just as much the raw materials of industries as iron ore or raw woods. All roads converge to the same point. You cannot have retaliation effectively as against your principal foreign competitors without ultimately taxing raw materials and food. Preference admittedly you cannot have without ultimately taxing food, and, as I have endeavoured to show, you cannot have it logically and consistently without also taxing raw materials. The moment you try to put *ad valorem* duties on manufactures, you lead to the same conclusion. Among the things imported into this country of those on which no further British capital or labour is to be expended the proportion is so insignificant that it would not yield you any substantial revenue at all. By whatever way you approach it you come to the same goal. This is a proposal to tax British industry, to tax the food of the people and thereby to

Unfounded assumptions and unproved inferences. diminish their wages, to tax the raw material out of which our wealth is made. It is a scheme which is based upon unfounded assumptions and unproved inferences. There is no ground whatever for saying either that British trade, as a whole, is stagnant or decaying, or that the Empire can only be maintained by reverting to fiscal devices which were tried and found wanting in the old days of protection. Free influx of food and of raw materials, from every possible source of supply, into this country is not only as essential, but is more essential to our national strength and prosperity than it was in the days of Cobden and Peel.

The real enemies of British trade. Do not, however—and this shall be my final word—do not let it be supposed that because we are driven to defend the citadel of free trade we, therefore, think that all is for the best and are content with a policy of folded hands. That there are disquieting features in our industrial as in our social conditions no honest observer, certainly no member of the party of progress, will be found to deny. We have seen industries in which we ought to have maintained our supremacy, falling behind, and in some cases entirely taken away from us by our competitors. Defective knowledge, inferior processes, lack of flexibility or versatility, a stubborn industrial conservatism, these are the real enemies of British trade, and have done us infinitely more harm than all the tariffs and all the dumping syndicates that were ever created. Better education, better training, better methods, a larger outlook, these are our primary needs—and it says little for our political sagacity that

we should allow our minds to be diverted from them by quarrels as to the quantum of dogmatic theology that is to be administered to little children, or by attempts to revive the buried fallacies of protection.

True it is also that, in spite of the continuous growth of our national prosperity, we still have with us the unemployed, the ill-fed, the aged poor ; but here, again, let us look to natural and not to artificial remedies.

Instead of raising the price of bread let us try to raise the standard of life. Temperance, better housing, the tenure and taxation of land, these are matters as to which we have allowed our legislation to fall deplorably into arrear. To take up the task in a spirit of faith and of resolute purpose is, I hope and believe, the mission of the Liberal party in a Liberal Parliament.

Mr. Ritchie at Croydon.

9TH OCTOBER, 1903.

I AM glad that at last the time has arrived when I am free to speak to you on the subject which has been attracting so much attention of late throughout the length and breadth of the land. I know your anxiety to hear the views which I hold and to have them explained, but I have been unable to gratify the natural desire of my constituents before now, because there was an arrangement made by the members of the Cabinet that no member of the Cabinet should address a public audience on this question until the Prime Minister had spoken at Sheffield. Therefore, I have embraced the very first opportunity which presented itself to me, after that speech of the Prime Minister, to come to my constituents to do what they have a perfect right to expect, to explain to them the reasons of my action and the motives which have guided me in the course which I have taken on this great and important question.

At the outset I say this, that, if anyone has come here to-night in the hope or expectation of hearing me denounce any of my old colleagues, they will go away disappointed. I say without hesitation that, whatever differences there may be between me and any of my colleagues, I feel perfectly satisfied that both Mr. Balfour and Mr. Chamberlain have been actuated by the highest motives, and that they have had before them, in the course which they have taken, what they believe to be the best interests of the Empire. It is unnecessary for me to say a single word about the great services which the late Colonial Secretary has rendered to the Empire. He has stood out from among all the Colonial Secretaries of recent years, and was pre-eminently the most successful administrator of that office that the present generation had seen, and by his efforts the colonies have been welded to the Mother Country in a manner which has never before been witnessed by anyone who is here present. I pay my tribute to him, cordially, fully, entirely, and I say, though I differ from him, I believe that his

A Tribute
to Old
Colleagues.

motive is a motive of the highest kind, and that he is actuated only by the desire to serve the interests of the Empire for which he has done so much. What I say for him I claim for myself.

I claim it for myself and those who agree with the view which I take. I think that to apply any such term as that of "Little Englander"—for any man to apply such a term to the people who differ from him—is little short of an outrage. We who differ from him have as much the interests of the Empire at heart as he or any other living man has, and therefore I say that to apply epithets of that kind to men who differ from the view taken by those who agree with Mr. Chamberlain is to inflict a slur on men who are actuated by as high motives as he is.

I hope that I have cleared that away, and that we may discuss this question without any personalities at all. There can be no doubt on this point, that the change which has been advocated is one of the greatest revolutions in our commercial relations, in our fiscal policy, that has ever been proposed for the last sixty years. It is a great and gigantic change, and it must be supported by argument of the strongest character before the people of this country assent to it. I have not, and those who agree with me have not, changed our views. We are called Cobdenites; well, if we are never called anything worse than that I shall not complain. Cobden has done, perhaps, as much for the country to which we all belong as any man during the last fifty years. But I do not bind myself. I do not wish to have my opinions identified with any particular person. What I do say is this; that so far as Conservative opinion is concerned—so far as the great Chancellors of the Exchequer who have preceded me are concerned—whether you take Sir Michael Hicks-Beach, or Lord Goschen, or that great and prudent statesman Lord Iddesleigh, or that greatest of all, Sir Robert Peel—I follow on the traditions of the greatest Conservative statesmen of the last fifty years. If I do not change my views now on this great fiscal question I must not be called, as I have been called, a renegade or a rebel from the Tory Party. There can be no doubt about this—that the country, under the present fiscal system, has prospered in a degree greater than any country on the globe, and a very strong responsibility rests on the shoulders of those who desire to change the policy which has made this country so prosperous.

The new policy which is proposed may, I think, be divided into three portions. It is preference to the colonies, retaliation, and Protection. This, I think, everybody will admit, whether he agrees with the policy or not, that at any rate, before it is adopted as the policy of this country, it should be subject to the fullest examination. We were told that there was to be an inquiry. What is the inquiry that has taken place? Let me say here, in justice to Mr. Chamberlain, that I have never heard him use the term "inquiry." I have heard him use the term "discussion:" he has invited discussion. But inquiry has been sought for, and what is the inquiry that has been held?

There has been a collection of statistics presented to the public in the shape of a Blue-book, and enormously important they are and of very great value, but these statistics have never been criticised or inquired into. They have never been submitted to any person, or any body of persons, to see what the trend of these figures is. I am sure that to present a great bulky volume of statistics to the people without any critical examination is not to give them a document which is likely to afford them any great enlightenment. I want you, in considering this question, to consider my own special responsibility. The Chancellor of the Exchequer would have been the man who would have had to carry out this policy if it had been adopted, and therefore it was my duty as Chancellor of the Exchequer to press on my colleagues the necessity for a most minute inquiry into what the effect of this change was likely to be, and also to ask, from those colleagues who were mainly responsible, that they should give us not only some general idea of what it was they thought it was desirable to have, but the means by which this idea or principle was to be carried out.

You may easily see that you may have a very attractive principle, which may as a principle command your general assent, but that when you came to work it out in detail and see how it can be carried into effect it is quite possible that the difficulties may be so great as to render it impossible to carry out, in the interests of the country, the principle which you may have considered somewhat attractive. Therefore it was my duty as Chancellor of the Exchequer to insist on having full details, full particulars, and full examination into any proposals for the reversal of the fiscal system which has prevailed in this country for so long, before I gave my assent to it. Please to remember the suddenness with which this plan was launched on the country. I do not think I am exaggerating when I say that there never has been so great and fundamental a change recommended to the country in such a way as this change has been. Can it be believed that the Cabinet never had any opportunity of considering this question, and of deciding on it, before the scheme was launched on the country?

You would have imagined before any Minister made a speech, in which he sketched out this great change, that his colleagues would have been consulted, and that his colleagues would have had the opportunity of making an examination into it and of discussing the matter.

But nothing of the kind occurred. It was launched on the country without any examination into it, without any consultation, by the then Secretary of State for the Colonies. One thing I desire to say in connection with this matter is this. We all know that the policy is on the face of it an attractive policy, but do not let us be led away by eloquent speeches on the platform about a matter of such vast importance to the people of this country. Mr. Chamberlain has an unrivalled power of addressing audiences. He has unrivalled power in placing his proposals before the country; but these are not things, this

is not a policy, which ought to be accepted by the country merely on the *ipse dixit* of any Minister, however powerful he may be.

My proposal to him and to the Government was that this matter of such vital importance should be examined into by some unprejudiced tribunal, so that evidence might be obtained for and against the proposals, what were the advantages to be gained, what were the difficulties to be overcome, and what generally were the interests of the country in the matter. I may say with regard to that, when the chambers of commerce of the Empire met in Montreal, it was suggested, and unanimously suggested, that this matter should be examined into by means of a Royal Commission. I do not say a Royal Commission is the best tribunal. I think it would have been a very good one, but I do say this, that it would have been most advisable, before the new plan was launched on the country, or before it was recommended for acceptance to the country, it should have been examined into by some unprejudiced tribunal which could have heard evidence, and that the public might have had information on it as the inquiry went on. Mr. Chamberlain has proposed some great changes, and one of the things which I think we ought to look into in a matter of that kind is whether the proposer of changes has himself always been consistent in what he has proposed. I do not mean at all that a man should never alter his opinions, or that he should be consistent on every detail. That is an impossibility. But I do say that, when you find a man proposing to you one day something he has strongly opposed a little while ago, you must not accept what he says as gospel, but must inquire carefully into it yourselves. It is rather a curious fact, but in 1882 I proposed in the House of Commons that inquiry should be made into the state of trade by a Select Committee of the House of Commons.

Trade had been on the downward grade for some time past, and it was generally recognised, even by Mr. Gladstone himself when he framed his Budget of 1882, that things were by no means satisfactory. I proposed in the House of Commons that there should be an inquiry. There had been, as I have said, several bad years. Foreign tariffs had been raised. There had been the Indian Famine. There had been the Russo-Turkish War, and the great failure of the Glasgow Bank. Mr. Chamberlain happened to be the President of the Board of Trade at the time. He was the Minister who had to speak on behalf of the Government, and he most vigorously opposed all idea of any inquiry in 1882, though it was acknowledged, even by Mr. Gladstone, that the state of business at the time was anything but satisfactory. Now, what did Mr. Chamberlain say in 1882? You know that at present a good deal of obloquy is thrown on what is called one-sided Free Trade. Well, Mr. Chamberlain in 1882 said in a debate "one-sided Free Trade is absolutely the very best that could be devised for this country." Now in 1903, when there is no such state of things existing as there was in 1882, he tells us that this one-sided Free Trade is ruinous to the Empire. In 1882 Mr. Chamberlain said: "The

transfer of the importation of corn from foreign countries to our colonies will be the worse for us. It will deviate capital from growing corn to manufactures," but in 1903 he says that without preferential treatment of the colonies we shall lose the colonies.

I am not for the moment arguing the rights or the wrongs of these opinions. What I am saying is that, considering the fact that Mr. Chamberlain has expressed, both with regard to the colonies and with regard to Free Trade, entirely opposite opinions at these two periods, we ought to be very cautious how we follow his advice. We ought to be cautious in following the advice of one whose changes of opinion have been so violent.

Take the question of preference to our colonies. It is a most attractive policy, and there is not a man here, whatever his opinions may be about the proposals, who would not do his utmost—all that he legitimately could—to bind the Mother Country and the colonies closer together. That is the object of Mr. Chamberlain. That is the object of his proposal for a preferential tariff. In order to show that I have been consistent throughout, I may say that, when the Prime Minister did me the great honour to offer me the position of Chancellor of the Exchequer, I somewhat hesitated to accept his offer because, as I told him, I thought it extremely likely that the question of preference would come up, that I had myself looked into the matter, and that, as far as I could see into it at that time, I could not be responsible for any such policy. So that from the outset you will see that I had this in my mind, and that I am not a recent convert to the opinions which I now hold. The next time that question arose was with reference to the shilling corn tax.

A great many people were very much surprised how it came to be that the shilling corn tax was taken off, and I got into some obloquy in consequence. The reasons which I gave were, in my opinion, quite sufficient. We wanted the money for the war, and we did not want the money after the war was over, and so we took the tax off. It was the last tax put on commodities, and I thought it should be the first to be taken off when we had the money to spare. I also thought it was a tax which was open to much misrepresentation. Those who were opposed to the tax did not hesitate to say that it was only the beginning of what was going to be a much larger tax, and there were many other misrepresentations made on the subject, and I thought it very desirable that this should be put an end to.

There are other reasons. I suggested to my colleagues that the shilling should come off. But those I have given were not the only reasons. The Colonial Secretary desired that this shilling should be kept on, and that preference should be given to the colonies. Well, I was most determinedly opposed to any such proposal. I told the Prime Minister without hesitation that if the Cabinet adopted that policy I should leave the Government, and why? It was not so much the shilling a quarter

duty—that was not very large—but I knew perfectly well that, if this policy were adopted, and this shilling were to be given to Canada, it was only the commencement of a much larger scheme. You could not stop at the shilling, and you could not stop at Canada. You would have to consider the whole of the colonies, and to give preference to all the colonies. You would have to tax not only bread but meat, and all kinds of dairy produce. That might have been a good policy or a bad policy—I need not discuss that now—but I declined to be responsible for that policy until the country had time to consider it. I thought it was so great a change that I considered it highly improper that it should be made, as it were, by a side wind. So it was that, when the question arose, I absolutely declined, for the reasons which I have given you, to retain the shilling a quarter on corn for the purpose of giving preference to the colonies. I have said that I felt sure that, if we had retained that tax and given preference to the colonies, it would only be the beginning of a larger tax on bread, followed by a tax on meat and other things, and I feel now convinced that if the country assents to the imposition of taxes on food again, however small those taxes may be at the commencement, they will inevitably rise, year by year, as they have done both in France and Germany.

The German tax was originally fixed at 2s. 2d. and it

Corn Tax in is now 7s. 7d., and what has been the result in Germany?
Germany and The result has been an enormous growth in the power of
France. the Socialists in Germany, who have been returned at the

last election in very large numbers to the Parliament, they being now, I think I am right in saying, the largest group in the Parliament. And what is still more remarkable is this, that the number of Socialists who have been elected in the German Parliament has increased from year to year in proportion to the increase of the tax on bread. There are many German things we do not want. We do not want to make the working man of this country into a Socialist by taxing food. I have told you of Germany, let me tell you of France. In France the tax was very much the same as that taken off last year. It was 1s. 1d. What is it now? It is 12s. 2½d. a qr., and so you see taxes of that kind are very apt to grow. It has been denied by some

that the consumer pays the tax. Of course, it is quite clear that, if the consumer does not pay it, it would be
Who Pays no preference to Canada. If the colonial corn grower
the Tax? paid the shilling a quarter what advantage would he get?

The whole basis of the argument for colonial preference is that the taxpayer—the consumer—pays, and not the grower. Well, let us see what the effect of the 1s. duty is. It has been denied by some that the consumer does pay. The average price for the nine months after the imposition of the tax, for the same class of wheat delivered in Hamburg duty free and delivered in Liverpool, the difference in the average price for the nine months after the imposition of the tax compared with the nine months before was exactly 5s., which was the amount of the duty. Take Germany. The German duty I think I told you was 7s. 7½d. If you take the price over a series of years the prices in

Germany have been from 5s. 9d. to 8s. 6d. a quarter over the English price, showing that the consumer in Germany, on the average, paid the whole amount of the tax, and in France there has been a great variation. France sometimes imports very little and sometimes a great deal of corn, and therefore the price of the corn and the amount of the duty which the consumer pays in France depend largely on whether there were large imports or small. In the years of the maximum importation which are years analagous to our importations—the price in France was 9s. 11d. over the English price, 7s. 5½d. being the duty, showing that the consumer in France not only paid the whole of the duty, but that he paid nearly 2s. more than the amount of the duty. So do not let it be said that the tax, if there is to be a tax on corn, on meat, on eggs, and on butter, will not be paid by the consumer in this country. If he did not pay it it would be of no advantage to the colonies.

What is the plan that is now proposed? Some gentleman at the back of the hall said that I had not referred to the question of sugar and tea. The plan that has been proposed at Glasgow is that there should be duty of 2s. on corn and 5 per cent. on meat and all other dairy produce, except bacon. I wonder why bacon? I cannot understand, for the life of me, why the working man is to pay on his bread, but is to have nothing to pay on his bacon, and I confess I see in that proposal the hand of my friend Mr. Jesse Collings. The proposal is 2s. on corn and 5 per cent. on meat and dairy produce, and that is to be compensated for by three-fourths off the tea and the sugar duties. Let me here emphasise a fact which was stated in a speech made last night, namely, that of these taxes on tea and sugar eight millions were raised

for war purposes, and to say that these eight millions are going to be taken off, as compensation for taxing bread, is to delude the public. You and the consumers of this country are entitled to have those eight million off without new taxation on bread or meat, so soon as the finances of the country justify the remission of taxation. Let us examine into this subject. Do you consider at the outset that taking off taxes on tea and sugar compensate for putting taxes on bread and meat? I do not believe in the juggle at all. Bread and meat are the prime necessities of life. It would be a good thing for some of us if we drank less tea and ate less sugar, but whether that be so or not I contend that tea and sugar are not in any degree such necessities of life as bread and meat for the working classes. That is my first objection.

My second objection is that it imposes a heavy burden on the consumer, while involving a loss to the Exchequer. Let us see what the loss to the consumer is. Mr. Chamberlain says that the proposal which he makes will involve no loss to the consumer. I have had these figures examined by gentlemen in whom I have the greatest confidence, and who are accustomed to figures of this kind. I say that this change, this juggle, involves a loss to the consumer of no less than nine millions sterling. These are the figures. £6,175,000 would be paid

into the Exchequer from these articles coming from foreign countries, but—having regard to the fact that it is not only the foreign importation that is raised in price by the duty, but the whole of the consumption in the country, whether home grown or foreign grown—the amount which the consumer would have to pay would be no less than £16,500,000, so that if you take the amount which is to be remitted from tea and sugar from the amount which is to be imposed in this new taxation you come to a net figure of nine millions sterling.

How is it proposed to be made up? It is to be made up by inflicting a further loss on the consumer of 10 per cent. on all manufactured goods. But do not imagine that this nine millions which is going to be levied on imported manufactures is the whole amount which the consumer will pay, because there again you will not only raise the price of the articles imported, but of all the articles produced in this country. If you do that your nine millions of loss to the consumer will amount to many times nine millions; and this is the way in which the consumer is to be compensated for the re-arrangement of finance which is proposed. I do not know whether you have any great desire to pay this increased duty, not only on the articles of consumption to which I have referred, but also on your boots and shoes, and your pots and pans and knives, and many other articles of domestic use.

I believe the building industry is one of the great industries in Croydon. There has been an immense development of building operations in Croydon during the last few years, and if this duty were imposed the cost of every house built in Croydon would be 10 per cent. greater than it is at the present time. I calculate that if this duty is imposed, and the other reforms which are suggested are carried out your sovereign, which now buys twenty shillings worth of goods, will when the proposals are carried into effect, buy 17s. 6d. worth of goods.

Let us ask ourselves for a moment what we are going to get in return; because, of course, we expect to get something in return. Are we going to get a colonial preference in colonial markets? Well, I do not see very much sign of it. Canada already gives us a preference; and what did Mr. Chamberlain say at the conference of Colonial Premiers—what did he say about the preference given to us by Canada? He said it was illusory, and I am not surprised, because, though we have undoubtedly considerably increased our exports to Canada, foreign countries, and especially the United States, have increased their exports to Canada to a larger degree than we have, though they have got no preference. Of course, Canada has taken more goods. We know Canada has developed enormously, and has taken larger quantities of manufactured goods than before. But do not imagine that we have got this additional share because of any preference given by Canada. The United States and other countries, without preference, have increased their importations into Canada quite in as large a way as we have ourselves, with preference. We are very much obliged to Canada

for giving us preference, but it cannot be contended that it has been of very great value to us; certainly not anything like the value some people imagine. German imports into Canada have increased quite as much as ours, but Mr. Chamberlain said the other night that twenty-six millions a year of importations into Canada from foreign countries would come to us. Yes, but thirteen millions of those go to Canada under preference now. But there is one consideration which I think we all ought to have in mind in connection with this proposed

The Taxation of Food. preferential treatment. We know that it would involve the taxation of food, and we know that the people of this country strongly and rightly object to taxation of food.

We want to know that there will be some great advantages given to us before we consent to adopt foreign methods of taxation of food.

There is one matter we ought to bear in mind in connection with this matter, and that is the question of **Our Relations with the United States.** the United States. The one thing which this country would desire to guard against, and would regret almost more than anything I can imagine, is that we should give the United States any ground for feeling anything like resentment against us. I am sure there is not a man in this room who would not greatly regret to see any disturbance of the extremely friendly relations which exist between ourselves and the United States. And do you think there would be no resentment on the part of the United States if their neighbour Canada was allowed to send her corn into our market at 2s. or 3s., or whatever it may be, less than they would be allowed to send it.

Remember, please, that a great deal of the corn which comes to this country from the United States, at certain seasons of the year, comes through Canada for shipment, and that, on the other hand, a great deal of the Canadian corn, at other seasons of the year, comes through the United States for shipment here. You can easily imagine the difficulties which would arise between Canada and the United States if the Canadian corn which had to go through the United States for shipment to this country obtained 2s. a quarter more than the United States corn. I am merely stating to you the practical difficulties of carrying this out, and I say that to give a preference to Canadian corn, which had to come at certain seasons of the year through the United States, would lead to considerable friction between the United States and Canada, which I should be very sorry to see. I am quite sure that whatever opinion you may have on this great fiscal question, you do not desire to see any breach in the friendly relations between the United States and Canada, or between the United States and this country.

Now, take the question of the Colonies themselves.

The Taxation of Raw Material. It is quite certain that if you confine your taxation to bread, meat, and dairy produce you cannot treat all the Colonies alike. To treat them all alike you must tax raw material, but, as I understand, that is not a part of the programme, and rightly so—I do not believe the manufacturers and

working class population of this country would ever consent to a tax on raw material, and if you don't tax raw material you will be giving some of our Colonies a great deal more advantage than you give others. Is that likely to consolidate the Empire? Very well, then, is the fact that we are going to be taxed on our bread and meat, taxed to the extent of many millions a year, likely to consolidate the Empire? On the contrary, I believe from my heart that, however well-intended these proposals are, instead of uniting the Empire, instead of drawing the bonds which unite us more closely together, the proposals made will have the opposite effect.

There remains the question—the other portion of the
The Request question—Retaliation and Protection. Now, a mandate
for a is asked for by Mr. Balfour and Mr. Chamberlain, a
Mandate. mandate is asked for retaliation. I do not know in the least why a mandate should be necessary, or how it is to be carried out. In the old days of the Empire in France, the Legislature was content to place in the hands of the Executive Government, which was the Emperor, the power to put on or take off taxation. You are not likely, nor is the House of Commons, to give that power into the hands of any Minister or Government, and therefore why talk about a mandate? Surely there is no necessity for a mandate. There is nothing to prevent any Government coming to the House of Commons and saying such and such a country is beating us badly in this or that respect. Take Germany—and Germany is treating us badly with regard to many things. It may be dumping or it may be punishment of our colonies—what is there to prevent the Government coming to the House of Commons and stating the facts, and asking them for power to take action in each particular case? I do not believe that there is the least likelihood of this country giving a mandate to any Government, but there, again, I have to express my ignorance. I have tried to find out exactly what was meant, but I have never been able to ascertain, and now for the life of me I don't really know what it is the Government now propose in the shape of a mandate. There is nothing to prevent them trying to negotiate a treaty, nothing to prevent them proposing to Germany to take something off their hock or put something on their hock, and so endeavour to get a good bargain made, and then come to the House of Commons to ratify the treaty. We have constantly been making treaties, and therefore I do not know exactly what it is that they ask when they ask for a mandate.

Now let me ask, on the subject of retaliation, whether
Will it is a thing likely to be beneficial to the trade of the
Retaliation country. There have been many negotiations among
Benefit Trade? foreign countries in connection with this matter. There have been threats, and threats have been of no avail, and then there have been wars of tariffs, and what has been the result? The result has been an enormous loss to the countries involved, and at the end little or no benefit. Take Italy. The tariff war that occurred between France and Italy went on for a great number of years, with an enormous loss to both countries. And at the end what happened? There was a

very trifling benefit derived, nothing at all to compensate for the loss of trade which occurred and which is apt to be a permanent loss. Trade which is lost in a tariff war is very apt to go to other countries and never to come back again. But so it was in the tariff war between Italy and Switzerland—exactly the same thing occurred. The war went on for several years, and then, after exhaustion, peace was made without any advantage to either party. But see what advantage this country obtains by its Free Trade principles.

**Most
Favoured
Nation
Treatment.**

We have the benefit of all those reductions of tariffs, whatever they are, because we do not levy duties in this country. We have the most favoured nation treatment from every country, and whatever advantage they may derive from negotiations one with another we derive that advantage. But if we were to put on retaliatory duties we should lose that advantage, and do you think for a moment that the comparatively small retaliatory duties we would put on in this country would gain us admission to the protected countries of the Continent? No, because Protection is much too strong in those countries to permit any Government, by any reduction of their tariff, to allow the entry of our goods into those countries. Remember this, that if we did put on retaliatory duties and if we obtained what we wanted, namely, a reduction of the tariffs of those countries, for which object our retaliatory duties were put on, we could not then take our retaliatory duties off. (A Voice : "Why?") Why? Because vested interests would be created in this country which it would be extremely difficult to overcome, whatever Government was in power. I say this in regard to retaliatory duties, they would not do what you expect them, and you would get into a tariff war. If they did what you expect of them you could not take them off when the necessity for them ceased. Pray remember that this country is more especially open to attack than any country on the Continent. Why? Because our imports are mainly food and our exports are all manufactures, and, therefore, we are much more open to attack than any country on the Continent.

**The Shipping
Trade.** Take our shipping trade. Our shipping covers every sea, and that trade is specially open to attack by foreign Governments. If we go into this tariff war, adopting this retaliatory policy which is recommended to us by some of our politicians, is it conceivable that countries that have deliberately adopted a given scale of protective duties would so reduce these barriers as to secure such an entrance for us into their markets as would enable us to compete successfully with their manufactures? I do not think such a thing is at all likely. What would be the effect of Protective Duties on our exports? Whatever might be the effect on our home

**Neutral
Markets.**

trade, I say that, if we embarked on a policy of Protection, we should be in a much less advantageous position to compete with foreign nations in neutral markets. It is because we are a Free Trade country that we are able to keep up our exports in the way we do. If you attempt anything in the

nature of Protection you will diminish the power of your manufacturers at home to compete with foreign countries in neutral markets.

With regard to our export trade, Mr. Chamberlain, in **The Year** the figures which he gave the other night, took the year **1872.** 1872, and compared it with 1902. Really one would have thought that a statesman who wanted to make comparisons of that kind would have looked carefully at the years which he chose. He chose 1872, which was a year of great expansion in business, of inflated prices, a tremendously booming year, and he compared that with 1902, and drew an unfavourable comparison, and when it was pointed out to him that it was quite an unfair year to take, he said, "Oh, I only went back thirty years. I thought it was a convenient period to take." Yes, it was convenient for his argument; but it was not a fair year, because the prices were enormously inflated. He finds, taking these years, that there has only been an increase in the export trade of 20 millions. Now let us take the year 1875, which is a much fairer year for our comparison. In that year the exports were 223 millions. In 1902 there were 278 millions, being an increase in that period of 55 millions—a very different result. But let us take what I think is much fairer. Let us take quinquennial periods and population into account. During the quinquennial period 1875-79 our exports were £6 per head of the population. In 1895-99, they were £5 19s. 5d. (A Voice: "That includes shipping?") No, it does not. (A Voice: "Does it include coal?") In 1901-02 our exports were £6 13s. per head. (A Voice: "How much was sent out to South Africa?") Not nearly so much as I should have liked.

But that does not anything like express what is the **Increase in** actual amount of our exports. If you add to this the **Shipping** enormous increase in our carrying trade and our increased **Tonnage.** export of ships, you will be able to add considerably to the satisfactory character of these figures. In 1870 our tonnage was 5,690,000 tons. In 1902 it was 10,084,000 tons, and the carrying capacity was much greater than the tonnage named, because there was the substitution of steamers for sailing vessels. When we are talking about the prosperity of this country as compared with some other countries let us look for a moment at the figures of the United States shipping. In 1870 there were in the United States two million seven hundred thousand tons of oversea tonnage, and in 1902 there were eight hundred and eighty-two thousand tons, so that while ours has doubled that of the United States has been reduced to a third of the whole. All this adds enormously to our export trade.

Something has been said about punishment of our **The Colonies** colonies and about dumping. I would like to read—it **and** will not take more than a moment or two—from a **Dumping.** Cabinet paper which I distributed to my colleagues before the final decision was taken. What I mean by punishment of our own colonies is punishment, say, for instance, by Germany, of our colonies, because of any preference they give us. This is what I say: "With regard to this last paragraph the question of the

colonies and dumping, I think the Cabinet will be to a great extent in agreement. We could not acquiesce in our colonies being punished for their friendly attitude to the Mother Country. To do so would be a huge political mistake. While they all retain entire fiscal freedom, it is somewhat difficult to assume responsibility for their action, and the particular steps which we might think it advisable to take would greatly depend on the circumstances of each case. Tariff retaliation is not the only, and might not be the only, effective means of reprisal. So with regard to dumping, if any attempt were made by any foreign Power to destroy any important industry of ours it would justify reprisals, and if the attack became successful we might be compelled to take action." When my opponents say I am so doggedly determined to adhere rigidly to what they call the principles of Free Trade, I say that is my view, if any serious injury were inflicted on our colonies and on ourselves by processes of this kind. What I contend for, and have always contended for, is that Parliament should be asked to consider each of these questions as they arose, and to deal with them according to circumstances—not that it should be given into the power of any Ministry to say how they should deal with it, but it should come before Parliament, who would then know how to deal with the particular circumstances of each separate case.

Now comes the question—will Protection benefit home industries? Will employment or wages increase? It has done neither the one nor the other abroad. The working man here is better employed. He has better wages, he has shorter hours, and he has better living than in any continental country. Protection, instead of increasing, limits the field of remunerative employment. It will handicap us abroad, and it must embrace food. Please remember that. Protection cannot be taken on and off. Free Trade enables the working man here to buy for 8s. 4d. what he would have paid 12s. for twenty-six years ago. In Germany he can buy for 8s. 6d. what he paid 9s. 6d. for twenty-six years ago. This is the difference between Free Trade and Protection. The vital question—whether it is preferential treatment or whether it is retaliation, or whether it is Protection—which you have to put to yourselves is this: Will you consent to subject the bread and meat of the people to taxation?

Will Protection Benefit Home Industries? This is involved in all the proposals now before the country. You will be asked to answer the question. What will your answer be? Mine is already given. I will be no party to it.

The Vital Question.

Sir Henry Fowler

at Glasgow.

12TH OCTOBER, 1903.

THERE is one remark in Lord Rosebery's letter with which I certainly agree, and that is with reference to the unprecedented position in which the political world is found at the present moment in this country.

That situation, I think, is without parallel as well as without a precedent. Some 50 years ago, in 1852, after a General Election, which had been fought exclusively upon the one issue of Free Trade or Protection, the House of Commons, under the leadership of a Tory Government, passed, I might almost say unanimously, a resolution recording that in its opinion the improved conditions of the country, and especially of the industrial classes, were mainly the result of recent legislation which had established the principle of unrestricted competition, had abolished taxes imposed for the purpose of Protection, and had thereby diminished the cost and increased the abundance of the food of the people. They passed a second resolution, pledging the House to carry on that policy. I said that resolution was passed almost unanimously. Nearly 500 members voted for it, and only 53 voted against it.

The principle and policy which Parliament then approved has never been challenged by any subsequent Government. No responsible statesman has ever asked the House of Commons to reverse it. No Chancellor of the Exchequer, whether Liberal or Conservative, has ever impugned the soundness of the doctrine then proposed. At the end of half a century of unexampled prosperity and progress, a distinguished Minister of the Crown, without warning, without notice, without even the academic formality of a preliminary debate in Parliament, at a casual political meeting, proclaimed his intention to propose a reversal of that policy, and we have every reason to believe that that proposal was made without the knowledge, and therefore without the consent of, the Cabinet, and he further announced his decision that the next General Election should be fought upon that issue. Whether the Prime Minister was aware of that or not I don't

know. But at all events, in the presence of the Prime Minister some few days afterwards, he not only repeated that statement to the House of Commons, but in his official position of Secretary of State for the Colonies he accompanied it with what I may call a menacing prophecy that unless his scheme was carried out the maintenance of the united Empire would be beyond the bounds of possibility.

That extraordinary, that appalling, prophecy was followed by a drama; I think we might call it a farce—played out upon the political stage. The veil has been lifted from the secrecy of Cabinet Councils and the confidential correspondence of Cabinet Ministers, and as the result of all these manœuvres in which two great leaders of the Conservative party displayed—what shall I say?—an amazing, military tact, as well as what the *Times* has described as the skill of two consummate players at a game of whist, the official Conservative party was committed to the reversal of the policy the history of which I have just told you. It appears to me that there was considerable poetical and political justice that that resolution of the Conservative party should be passed in the town of Sheffield. Sheffield has been represented for many years in Parliament by a very attractive personality, a very pleasant member, a very faithful representative, who has never flinched from maintaining in season and out of season the doctrines of unmitigated Protection, and that Sheffield should have been chosen as the place for the apotheosis of Sir Howard Vincent was very fitting.

It was fitting that after the battle—or, rather, copying the chairman's illustration of the mission, after Sheffield and Protection. the missionary enterprise in which he has been engaged for so many years among his own friends—because hitherto they did not accept his ministrations with the same readiness that they have admired his personality—that in that place the first great missionary of this reimposition of the Corn Laws and the restoration of Protection should have been crowned at Sheffield, and that in Sheffield and in his presence the party should have renounced the heresies to which they had so long adhered.

Do not suppose that I am asserting or implying that the fiscal policy of the last half century is not open to reconsideration and discussion. Free Traders do not shrink from, and are not afraid of, any amount of inquiry. The mere fact that a policy has been accepted for 50 years is no proof of its inspiration or its infallibility. It must stand like every other political institution; it must stand or fall by the test of experience. We have had an inquiry. I do not know how it was carried on. I do not know by whom it was carried on. I know the officials who really did do the work, but I don't know exactly where the inspiration came from. The Duke of Devonshire has accurately described it in the House of Lords as a re-arrangement and consolidation of statistics—statistics which, by the way, were familiar to every well-informed statistician. At all events, the inquiry, the statistics, or some other influences had a very convincing effect. All the unsettled convictions were settled. There was a perfect unity arrived at between the Prime Minister and

the Colonial Secretary. I won't repeat the allusion about the game ; but I think we are entitled to say that they are both generals in the same army, although commanding different brigades, that they have the same object in view, that they have a well-arranged and clearly thought

The Prime Minister and Mr. Chamberlain. out policy, that they are aiming at the same result, and that they have perfect confidence in each other, and that as we have been assured again and again by those journals which represent their opinions and their actions—they are entirely at one in dealing with this question. Therefore, I do not intend to sever the two policies for a moment. If a man tells me to-morrow morning that he is going from Glasgow to London, and he only takes a ticket for Carlisle, but gets out at Carlisle and takes another ticket for London, I don't see any difference between him and the man who takes a through ticket at once. Therefore, I sweep away that flimsy and imaginary distinction, which might perhaps be of some use for electioneering purposes, between the policy of retaliation as propounded by Mr. Balfour and the straightforward, well-understood, clear policy of Protection as propounded by Mr. Chamberlain. There is one thing—Mr. Chamberlain knows his own mind. (A voice, "For the time.") Well, it is for the time he is dealing with the question, and he knows what he means to do, and it is not his own fault if he does not do it. But, at all events, I take for the moment these two statesmen, in the order in which they have ranked themselves, and I will put, with your permission, Mr. Balfour first.

Mr. Balfour's declaration. Well I think that Mr. Balfour at Sheffield raised the flag, and he condensed the true policy, the true meaning of Protection, in a single sentence, which he delivered with great dramatic effect. Addressing himself, on behalf of some imaginary enquirer, he said:—"Do you desire to reverse the fiscal tradition, to alter fundamentally the fiscal tradition which has prevailed during the last two generations?" And his answer was—"Yes, I do, I propose to alter that tradition by asking the people of this country to reverse, to annul, to delete altogether from their maxim of public conduct the doctrine that you must never put on taxation except

A tax either prohibitive or protective. for the purposes of revenue." Well, that, gentlemen, is the crux of the whole Free Trade controversy. Taxes levied on the whole community for the benefit of any one class—is the principle against which Free Trade has always, and against which it has to-day as strong as ever, to contend. A tax upon foreign imports is either a prohibitory tax or a protective tax. If the prohibition is effective and the foreign import cannot enter the country at all, of course it yields no revenue, and in that case the home producer has a monopoly unchecked by competition. If the tax is protective it is not levied upon the home producer, and in that case only a small portion of the tax is paid into the Exchequer, but the price of the commodity wherever manufactured—at home or abroad—is raised to the same extent as the duty which has been put on.

Tea and tobacco. Now, Free Trade is not the abolition of Customs duties. Whether it be right or wrong, imposing duties upon commodities which are imported into and consumed

in this country is no violation of the principles of Free Trade. I will show you why directly. I will give you an illustration which I think will make my meaning a little clearer. Customs duties in this country are levied upon tea, tobacco, spirits and sugar. The taxes on tea and on tobacco are taxes levied on commodities which are not manufactured in this country. They both come from abroad. Every ounce of the one and every pound of the other is taxed, and that tax is paid—and I do not think anybody can doubt that—by the consumer; the price is raised accordingly. If a Chancellor of the Exchequer announces, as I have heard Chancellors of the Exchequer announce, that they are going to take 2*d.* in the pound off the duty on tea, or, as I have also heard Chancellors of the Exchequer announce, that they were going to put 2*d.* on the duty on tea, the price is lowered or the price is raised in every grocer's shop next morning. There is no mistake about who pays that. The Chinaman does not pay the tax on tea, and the American does not pay the tax on tobacco. But if you

come to the tax upon spirits, ah! a different question arises. Some spirits, as you know well in Scotland, are distilled at home. Then the Chancellor of the Exchequer comes in with his Excise duty, and he says you must pay

Spirits.

upon the spirit distilled in Scotland or distilled in England precisely the same duty that is paid upon the spirit which is distilled outside those two countries, and therefore the price is raised 10*s.* 6*d.* a gallon, the duty with which it is at present charged—the price is raised, no matter whether it is manufactured or distilled at home or whether it comes from abroad, and it is a perfectly legitimate mode of taxation. There is nothing unfair in it. Every consumer has to pay that tax, and no portion of that tax goes into any other pocket except the pocket of the National Exchequer. If some happy state of circumstances should arise in Scotland in which a proposition should be made that whereas the 10*s.* 6*d.* a gallon should be retained upon all foreign spirits, but should not be charged upon the spirits distilled at home, the prices of spirits would not go down at all. They would remain practically exactly where they were before, but the distillers at home would put that money in their pockets. It would increase their price, and if Mr. Chamberlain would come down to Glasgow and propose that, I can promise him there will be a very strong Scotch support in favour of it.

A cardinal Free Trade doctrine.

One principle—and I am glad Mr. Balfour laid hold upon it, and we mean to adhere to it—is that taxation not levied for revenue purposes is taxation levied in the interests of a protected class. All taxes should be paid into the revenue, and no taxes should be levied for any personal advantage, whether it be of selected individuals or of selected trades or of selected interests. You have no right to take a man's money from him in the shape of taxation except for the public benefit. I therefore am glad that Mr. Balfour has put so distinctly his policy of revoking, or annulling, that cardinal doctrine. No man can be a Free Trader who does not hold that doctrine; there is no room for dissent or

qualification from that absolute elementary foundation principle of Free Trade.

Free Traders from pure selfishness. There is another point which I would like to say a word or two about, and that is the impression which seems to be abroad in a good many places as to the reason why people are Free Traders. We are Free Traders from pure selfishness. There is no sentimental love of, or philanthropic generosity to, other nations. There is no Little Englander desire to put money into the pockets of our rivals. We are Free Traders because we believe it to be best for the interest of all classes and for the interest of the nation as a whole. But when we are told that that was not the doctrine of the original great Free Traders, and that they accepted the principle of Free Trade upon the faith of its adoption by other nations, that is one of those misstatements—I will not use any stronger word—which want nailing to the counter. There is no foundation for it. Let me quote the greatest of all Free Traders—the great statesman and Prime Minister who carried Free Trade into law in this country, Sir Robert Peel. Sir Robert Peel laid down the doctrine that Free Trade and the modifications of the tariff which he had previously made at the commencement of his financial career, that they were made entirely in the interests of the people of Great Britain and no one else. He did not adopt, neither did Mr. Cobden adopt, although it has been said again and again he had adopted, the principle

The foundation of Sir Robert Peel's policy. of Free Trade because he believed that all other nations would follow our example. You have heard it said, and you will hear it scores of times in this controversy, that Free Trade was based upon the principle that every other nation would adopt it, and that every other nation has not adopted it. Sir Robert Peel said—"I fairly avow to you that in making this great reduction upon the import of articles—the produce and manufactures of foreign countries—I have no guarantee to give you that other countries will immediately follow our example." I give you that advantage in the argument,—of course they advanced it then. "Wearied with our long and unavailing efforts to enter into satisfactory commercial treaties with other nations, we have resolved at length to consult our own interests, and not to punish those other countries for the wrong they do us in continuing the high duties on the importation of our own products and manufactures by continuing the high duties on ours." That was the origin, rather, I should say, that was the foundation, of Sir Robert Peel's great policy of fighting hostile tariffs by free imports. Mr. Cobden also said in the House of Commons—"If Free Trade be a good thing for us we will have it. Let other nations take it if it be a good thing for them; if it be not, let them do without it." Mr. Balfour commits himself in his policy of retaliation to a contrary policy, and although he did not tell us how it is to be done, Mr. Chamberlain clearly explained his view of retaliation. Mr. Balfour gave us no reason for the desirability of the policy except his own *ipse dixit*. Mr. Chamberlain, however, has given us some reasons, on which I should like to say a word.

Mr. Chamberlain's two assertions. Mr. Chamberlain said he could discern cracks and crevices in the great structure of our commercial prosperity and in our united Empire. Mr. Chamberlain's case rests exclusively on two pillars—first, that it is not well to-day with the trade of the country; and, secondly, that our Colonial Empire will be broken up, destroyed, unless we tax the people of Great Britain for the advantage of the Colonies. I do not accept, I do not believe either of these two assertions.

The year 1872. Now, the first assertion is founded on the allegation that in 30 years—namely, from 1872–1902—our foreign trade only increased from 255 millions to 278 millions—or rather he uses the word foreign trade, but we generally use the word exports; but I prefer to use the words “what we sell to foreign countries.” Now, 1872 was in the midst of an unparalleled boom in the trade of this country—a boom caused by the cessation of the Franco-German war, by a great increase in railway construction all over the world, and many other circumstances—I do not go into details, but everybody knows, every business man is familiar with them—it was an exceptional period of trade. And the climax was in 1873, when, as Mr. Gerald Balfour told the House of Commons, the level of prices was higher than in any other year since 1826, and that is the period which Mr. Chamberlain takes as his datum line, his starting point.

The value of exports. Suppose we go into figures. What were the prices in 1872 and 1873? We have a clever young member of the House of Commons, Mr. Herbert Samuel, who ran this question home among the many inquiries put to the Board of Trade, and he asked innocently what was the declared value of the imports into and the exports of British products in 1873, and the value of those imports and exports in the years 1883–1893 and 1902 calculated on the basis of 1873 values and excluding ships from the figures of export in 1902. He had the figures—371 millions of imports and 255 millions of exports; but he wanted to know what the value would have been in 1902 if the same value had prevailed; if you were dealing with iron and cotton or steel or any other thing at the same price which then prevailed, and the answer was that if the figures were taken in 1902 instead of being 278 they would be 418 millions. Now that is a very satisfactory increase of exports. I am addressing a good many gentlemen in this audience to-night, and I think they would say if there was an increase in what they were able to manufacture or sell represented by those enormous figures from 255 millions and 20 years afterwards 418 millions, there was not very much ground of alarm, there was no fear of the Bankruptcy Court looming in the distance. And this has been a regular, gradual process; in 1883 the declared values of exports were 240 millions, but on the prices of 1873 they would be 295 millions, and in 1893 329 millions, and as I have said, in 1903, 418 millions. You see, these are illustrations.

Figure illustrations not arguments.

They are not arguments. No, I quite agree. They are not arguments, but if the illustrations happen to be fallacious, that does not strengthen the argument.

The argument here is a matter of simple fact. Either trade was decreasing or increasing. Either it was rising or falling, and, given the same condition, there was an enormous increase between these two years. No, if the values of our imports and exports for the year 1902, which is the year whose results so startled and appalled Mr. Chamberlain, were taken at the values of 1873, the total trade of 1902, exports and imports, would have represented 1,215 millions against 626 millions. I can see myself no indication of any falling-off in our trade.

Another test you can put; a similar one. What is the proportion of our trade per head of the population? In 1893, ten years ago, it was £17 14s. 3d.; last year it was £20 18s. 4d. per head. So you see that notwithstanding the increase of the population there is a corresponding, there is a larger, increase per head in the trade. In the present year we have got the return of the Board of Trade for the first nine months of this year, this year of dismal threatening and heart-searching. Does it show any fall in trade? We are selling more, we are buying more, in the first nine months of 1903. The increase on our total trade for the first nine months of the year was 17 millions over the corresponding period of last year.

We must come to another class. I am not speaking to my capitalist friends in the hall who deal with large sums in trade, but I come to another class of my audience and of Mr. Chamberlain's audience—namely, the workers. Well, now, what about wages? I will take the period—I will go back 20 years if you like. Are wages less? No. Inquiry shows—I could give you conclusive figures—that wages have steadily advanced. Of course, there are exceptions in individual trades, but I will take the trade in the kingdom as a whole, and I say wages have steadily advanced during the last 20 years. But there is another point with some influence in it. Not only have the wages increased, but what about prices? Prices—and I give you the figures from the official documents—the inquiry shows that the purchasing power of money—that is, what money will buy—has very largely increased during that time. On the authority of the Board of Trade, this inquiry tells us that, so far as prices are concerned, the English working man in 1901 was able to make 100s.—that is £5—go as far in the purchase of food as 140s.—that is £7—would have gone 20 years ago.

Then there is another test about the working classes—it is a sad test but an important test. How about the number of paupers who are in receipt of aid from the rates? The question was put in the House of Commons and the answer is given in the report of the inquiry. My friend asked how many paupers there were in England and Wales in 1840 and how many to-day, and the answer of the President of the Local Government Board was—"I cannot give the numbers for the 1st of January, 1840. Statistics were not collected then as they are collected now. But in 1849"—now, mind, that was three years after Free Trade was passed into law—"in 1849 the number of persons in England and Wales in

receipt of relief was 1,104,000, a proportion to the total population which was equal to nearly $6\frac{1}{2}$ per cent." Well, what is the state of things to-day? The population which in 1851 was 18 millions was in 1901 $32\frac{1}{2}$ millions. On the 1st January, 1903, the number of persons in receipt of relief was 847,000, showing a decrease from $6\frac{1}{2}$ per cent. to only $2\frac{1}{2}$ per cent.

The test of savings. There is another figure—the savings banks. What have the savings of the people been? Of course, the margin is always a narrow one in any workman's budget between what he spends and saves. In 1871 the deposits

in the savings banks were 55 millions; in 1881, 80 millions; in 1891, 114 millions; in 1901, 192 millions; and in 1902, 197 millions. And in addition to that enormous amount saved out of their wages by the working classes of the country there is another sum—the value of their property in building societies and provident societies. I believe I am within the mark if I say that at present the value of the realised savings of the working classes of this country in 1903 is nearer 400 millions than 300 millions. You may say that is all very well. No doubt the audience the other night might have thought so.

The Income-tax test. There is another class of people—the people who are smarting under the 1s. 4d. Income-tax. Are they not approaching the verge of ruin? Have you no word of sympathy for them, for their unlimited incomes becoming limited? How about the masters? Well, we have an unailing test there in the Income-tax. Men don't pay more Income-tax than they are obliged to. Well, now in 1871, one penny in the £1 of Income-tax produced £1,600,000; in 1881, it produced £1,900,000; in 1891, £2,200,000; in 1901 it produced £2,500,000; and in 1902 it nearly approached £2,600,000. That does not indicate decaying income. That not only does not indicate decaying income, but it does not indicate a decreasing number of those able to pay the Income-tax.

Trade profits. Somebody will say, "Oh, that's all accumulated property, investments have risen, and so on. How about trade?" Well, trades and professions have both their ups and downs; they are put in a separate schedule.

We can trace the produce of trade profits, and there my previous remark applies with still greater force. There is no error in those returns—on one side. In 1881 schedule D, as it is called, which is the schedule under which all trade incomes and all professional incomes are paid, the amount of incomes charged was 171 millions, 193 millions in 1891, and 205 millions last year.

The test of general expenditure. Well, let us take the general expenditure of the country. All classes spend more money now than they spent 20 or 30 years ago, especially the classes to whom

I am especially appealing. Now the whole scale of living is at a higher level than it was 20 or 30 years ago. I am not going to deny that trade fluctuates. I am not going to deny that, under certain conditions and at varying times, different trades will be prosperous and different trades will be the reverse of prosperous. But you are

dealing with the nation. You are not dealing with one branch. No. You are dealing with the prosperity of the nation as a whole and, mind you, in the long run, if one section prospers all will prosper. But in the Greenock speech there was reference to some trades mentioned, of which there was an awful account. In fact it appeared that every trade was fast hastening to decay and ruin.

**Iron and
steel
trade.**

Well, there is a trade of which I know a little—the iron trade. Now, the surplus—I do not know whether Mr. Chamberlain will take this as an index of prosperity or the contrary—the surplus of exports over imports of iron and steel shows that the iron and steel trade was not being carried on with any disadvantage. If we are selling more iron and more steel than we are buying—and, mind you, this includes all the dumping down—then the position is not so bad; but let us see. The surplus of exports of iron and steel over imports in 1901 was £41,000,000; that is to say, there was £41,000,000 worth more iron and steel sent out of Great Britain than there was brought into Great Britain from abroad. In 1902 there was an increase of £1,000,000, which makes up £42,000,000.

I was talking about the profits in schedule D—there are friends on the platform who know something about the profits last year of the iron and steel trade—but the late Chancellor of the Exchequer, Sir Michael Hicks-Beach, he had to deal with this depressed industry of the iron and steel trade, and in an article in the *Monthly Review* he says he had estimates of the iron-masters' profits taken specially from schedule D, and he found that in 1896 the income assessed for Income-tax was about two millions. In 1901 the two millions had risen to 5¼ millions, and in 1902 they had risen to £6,500,000; so I have not many tears to shed over the iron trade.

**The tinplate
trade.**

Then we have another trade. The tinplate trade was no doubt seriously affected by American competition—seriously affected and menaced. But here trade under our Free Trade system is so elastic that when one door shuts it finds another door open. Well, now, our total export of tinplate in the four years before the McKinley tariff, the average for the four years from 1887 to 1890—was £5,600,000, of which £4,250,000 went to the United States and £1,250,000 to the other countries. When the tariff was put on, that seriously affected the state of the tinplate market—that trade was to a great extent lost. But in 1902 the total, which was £5,600,000 and had been down to a small figure, had got back again to £4,333,000, of which only £887,000 went to the United States, and upwards of £3,500,000 went to other countries. We were not selling to “A.” We were selling to “B.” The number of tinplate mills at work last year was 397 as against 318 in 1896.

Dumping.

I have a letter here from an iron and steel master, and he says, “You will be glad to hear that, notwithstanding the exclusion of tinplates from America, the make of tin and block plates last year amounted to over 13,000,000 boxes, which is the largest quantity turned out in a similar

period in the history of the trade." Of course, that was before the McKinley tariff came into operation. There is a sentence in the letter which I will read. He says that "The fact of being the dumping ground for Germany and the United States for the sale of surplus bars had kept down the price of bars. I can say that the producers of bars have made handsome profits from the prices charged to the consumers." Personally I am not against the policy of dumping. So long as Germany is willing to supply us with bars cheaper than they do to their own people it follows that we are better able to compete with them in the manufactured article.

Well, now I venture to leave this branch of my **British trade not decaying.** remarks to say there are no signs of any impending ruin in the trade of this country, no justification for this enormous revolution now proposed on the ground that the trade of this country is decaying. Every indication is the other way. I can give you more illustrations, but let these suffice. This is the fact Mr. Chamberlain rests the whole of his superstructure upon; it is the whole foundation of it. Sweep it away, there is nothing left so far as trade is concerned.

But there is a political question left and a very grave **The unity of the Empire.** political question. It was a very serious thing for the Minister of the Colonies, on his own responsibility, to tell the House of Commons that the maintenance of the unity of the Empire, unless his terms were accepted, was impossible. That was a most serious thing for any statesman to say. If it was true, it ought to have been made on the responsibility of a united Cabinet. Threatened with the loss of the Colonies! Where is the evidence of that? What is the history of the last three years? If there is one thing of which this nation is proud, it is during the last two or three years the voluntary, noble, generous, self-sacrificing manner with which the Colonies came to the help of the Mother Country. And what we were led to believe then, and what we believe now, is that if ever a day of stress and storm should come to the Mother Country, if ever she was to be put with her back to the wall, her Colonies would come forth to help her. They want no bribe. They poured out their treasure like water, they shed their blood on

The Colonies and the Mother Country. behalf of that Empire of which they are proud to be constituent members. They ask nothing from us; they are not prepared to entertain the only possible proposition, not that I am advocating that for a moment, which would be a Zollverein or Free Trade among all members of the Empire. No, no; they will manage their own business their own way. They will have the control of their own homes, and our business is to be as friendly with them as possible, and to recognise in every shape and form their interest. It is not doing a service to the Colonies; it is not doing a service to the Mother Country to introduce such an element of discord—to say that we are to put a tax upon the food of the people of this country for the benefit of the Colonies, which tax the Colonies are not to pay.

Sir R. Peel But let us come to the dangers of retaliation. Before we go into the actual figures, I have only one quotation to give you. It is also from Sir Robert Peel. When

on Retaliation.

Sir Robert Peel resigned his office he said, "If other countries choose to buy in the dearest market, such an option on their part constitutes no reason why we should not be permitted to buy in the cheapest. I trust the Government of the noble Lord"—that was Lord John Russell—"will not resume the policy which they and we have felt most inconvenient—namely, the haggling with foreign countries about reciprocal concessions, instead of taking that independent course which we believe to be conducive to our own interests."

Mr. Chamberlain's proposals.

What does Mr. Chamberlain propose? He proposes Protection, and he proposes Preference. He proposes, as you know, to put a 2s. import duty on corn, a more than an equivalent to the 2s. on flour, in order—I am quoting his own words—"to give a substantial preference to the miller." He proposes 5 per cent. on meat and dairy produce. Singularly, as the Chairman has pointed out, he excluded bacon. I am rather glad he has. Not that I have any interest in bacon, but because it makes the argument more conclusive. If he does not put duty upon bacon it is because he thinks the people who eat bacon should not pay it; he admits at once that the people will pay the duty upon corn and upon dairy produce. He proposes that a duty of 10 per cent. should be levied on manufactured goods. The corn of British Colonies is exempt. I am not clear, but I think I am right in assuming that he means that the Colonial manufactures will have to pay the duty, that they are not to come in free. The only exception is Colonial wine, and perhaps fruit. Those of you who drink Australian wine, I believe, are a very limited number of the community.

Tea and sugar.

He proposes that you shall have the duty on tea reduced by three-fourths—it is now 6d., he wants to take off 4½d. Tea produced last year six millions. Then he takes off the duty on sugar. That duty produced 4½ millions. Then he takes duties off some minor matters—coffee and cocoa. But a portion of the duty at present upon tea and the duties at present on sugar are war taxes. They were taxes imposed for a specific purpose, and to take off and remit them on any other ground except that that specific purpose has ceased to need them is no remission of taxation. He does not mention tobacco. Tobacco never paid any war tax at all. Tobacco is now paying 2d. per pound less than it paid four years ago—before the war broke out. There was a reduction then made, which I believe has gone entirely into the pockets of the manufacturers and the sellers of tobacco, of 6d. per pound. That was taken off, and when the war took place 4d. per pound was put on, so that we are still 2d. per pound to the good so far as tobacco is concerned.

The duty on corn.

I object to any tax on bread at all for any purpose. Bread is what Mr. Gladstone called—and I am quoting his words—"the prime article of human subsistence."

It is what everybody must have; it is the one tax from which the poorest of the poor cannot escape, and it will fall, and fall more heavily, than any other tax that could be imposed. I said in the House of Commons—I say it here again to-night—that the duty on corn was the meanest tax that Parliament ever levied. The time may come—God grant that it never may!—that we may be in such a state, financially and otherwise, and that there may be such a combination of Powers attacking this country that we shall be obliged to tax every possible object of taxation in order to raise the necessary sum for the defence of the country. But that time has not come yet. I do not believe it ever will come, but if it does, then and not till then ought you to tax bread. I say that the bread, the prime article of the food of the people, in a rich country like this, in a prosperous country like this, should never be subject to any call from the tax-collector, and should be as absolutely free as the air from heaven.

**Sources of
our food
supply.**

The imports of food in the United Kingdom last year were £191,000,000 in value; 152 of these millions came from foreign countries and 39 came from our Colonies. One-third of the wheat and flour comes from our Colonies, and of that one-half comes from Canada. What is the effect of putting a tax on the food of the people? I am adding to the tax on corn the tax on wheat and on dairy produce. Of course, there will be a great deal of controversy as to the accuracy of these figures. I take the figures of the Chancellor of the Exchequer himself. His figures amount to this, that the increase of the cost of these taxes on food will be £15,000,000, that the receipts from this relief of taxation will be £6,000,000, and that there will be an addition therefore to the burden to be borne by the people of this country of £9,000,000. I believe these figures to be right, and, whether or not, it is perfectly clear if you put on taxation—that is the argument that I used a short time ago—you increase the price of the article all round.

**The corn tax
in
Germany**

If you put 5 per cent. on wheat that comes from the United States, and the largest quantity comes from the United States, you will increase the price of corn and the price of bread to every consumer, not only upon the corn which is actually sent from abroad. But there is a doubt as to whether the fairness of that calculation is correct with reference to the variation of prices according to the duty which is put on. I take Mr. Ritchie's own statement. He takes Germany alone. The tax upon German corn is 7s. 7½d., and he finds that the tax is virtually paid by the consumer; that is that the price of the whole corn is raised to within a few pence of that 7s. 7½d. The argument of the *Scotsman* this morning is that there are some years in France, although France has a very heavy duty on corn, in which prices did not rise at all, and in some years they admit it rose correspondingly to the amount of the duty. The answer is, that France is a country which does not depend on foreign importation for its wheat. It only imports wheat when there is a very bad harvest, and Germany is a very much more reliable test than France. But there is a return which gives the prices

of France and Germany and England since we put on the 1s. duty, and it shows exactly that, in the markets of the world, the price of English wheat went up by the amount of the duty of 1s., and went up to the amount imposed in Germany and the amount imposed in France.

The United States and protection.

But we have to remember this, that every man is a Free Trader except in his own trade, and, when you can get it, Protection is a very nice thing. If you can have a very comfortable addition put on to the prices at which you are selling, it is not in human nature to object to it. But what legislators have to do, and what the people who elect legislators have to do, is to regard the general interests of the consumers and not of the producers. We have a great many comparisons with America—the United States. We are told that the United States has flourished under Protection. The United States is a country nearly as large as Europe. Within the United States there is every climate—I might almost say from the Arctic to the torrid zone. Every class of food is produced and an immense variety of other valuable commodities—they have minerals of every description; they have unexhausted lands; they have unlimited timber, and there can be no duty imposed inside the United States. No Mr. Chamberlain, no Mr. Balfour, no statesman, no Parliament of the United States can impose, inside the United States, any duty between one State and the other. It is absolutely Free Trade. Last year we sold, I think, to the United States in manufactured goods something like—I am quoting from memory—19 millions, and they sold to us something like 20 millions.

How are the new duties to be imposed?

How are these duties to be imposed? Mr. Balfour has not told us. The great work of Sir Robert Peel and Mr. Gladstone, in the abolition of retaliatory tariff duties, was to free an immense number of articles from taxation. I do not know—they have not told us—they have given no indication how retaliatory duties are to be re-imposed. I believe Sir Robert Peel and Mr. Gladstone between them took Customs duties off 1,400 separate articles. I think that, before this proposition is put before the constituencies, we should have actual details how this thing is to be done—who is to be charged and who is not. Is there to be a line drawn between raw material and manufactured articles? Who is to determine at what stage iron ceases to be raw material and when it becomes a manufactured article? So over every other trade. There is no indication how this policy, so irritating to the internal trade of the country, is to be worked out.

Canada and the United States.

Canada—we know exactly where Canada is—Canada is a great wheat producer—and, I hope, will ever be a great wheat producer—and it is in the interests of this country that Canada should prosper and develop her wheat-growing power. But how about Australia—for if you give a preference to one Colony you will have to give a preference to another. If you give a preference to one Colony that sends wheat, that moment you must give a preference to the raw

material of other Colonies. I am thinking of wool, so far as Australia is concerned. But let us look at the United States. There is one thing we must not lose sight of, and that is the peculiar position between the United States and Canada. We get the bulk of our wheat from the United States. Do you think the United States will look on pleasantly while the duty—just over the border—on corn is 2s. less than it is upon them? If there is any imposition of a differential duty between the United States and Canada—in favour of Canada—is that likely to promote those friendly relations between us and the United States? It is in the interests of England, of Canada, and of the country—it is in the interests of the world—that these should be maintained. I regard the introduction of this proposal as tending to dis-unite the Colonies from the Empire, and as introducing friction, and introducing and provoking conflict of tariff; and I regard it also as likely to impair our friendly relations with the United States.

**The
Government
no mandate.**

I feel I have gone on a great deal longer than I ought to have done, and I will only say one word more with reference to this, and it is that the present Government, patched up as it is, comparing all the circumstances of its constitution now with what it was at the time of the last election, and what it was when it was formed in 1895, this Government has no mandate for dealing with this question. If they are in earnest on this question—and I am bound to believe that they are in earnest—they are bound to submit it to the constituencies at the earliest possible period. I do not mean to-morrow morning. I do not mean in the course of a week or two, or a month or two, but at an early date. I say we cannot have the commercial relationships of the country hung up. We cannot have this country left in a state of doubt and suspension as to what its future commercial policy is going to be.

**Sir Robert
Peel's
method.**

When Sir Robert Peel determined to repeal the Corn Laws, when he was convinced that their retention was impossible, he first of all tried to convince his colleagues. And that was done in secrecy. It was not done by speeches; it was not done by communications afterwards sent to the press. And when he found that some of his colleagues were unprepared to go with him in the view he took, he resigned. He told them he was not in a position, without a united Cabinet, to carry such proposals. The other side was sent for; the other side tried to form a Cabinet, but could not. Then Sir Robert Peel came back, free and untrammelled, as the Minister of the people as well as of the Queen; and if Mr. Balfour or if Mr. Chamberlain should come back with the mandate of the people to support them, well, then he would be entitled to take a high hand in putting it in force.

Sir Robert Peel wrote when a very similar state of things prevailed:—"If the Protectionists really meditate the serious proposal of the revival of any duty, fixed or fluctuating, on food, there will be a furious struggle. Whatever I can do to defeat the project I shall do with hearty goodwill. The test of party difference is now, Protection or no Protection," and upon that the verdict of the country was given.

Attachment to Free Trade justified by experience. Sir Robert Peel, a few weeks before his lamented death, wrote : " I shall do everything in my power to prevent the reversal of the policy of Free Trade, or the restoration of Protection in any shape or on any pretence whatever." And you must remember that, at that time, they had not the experience we have now. We justify our attachment to Free Trade by experience. Our forefathers adopted Free Trade from the experiences they had had of Protection. They knew then what it meant. They knew what wretchedness and misery it had inflicted upon the country ; how it had increased taxation and diminished profits and affected trade. They knew nothing of what Free Trade was. It was all prophecy. But now we have had the experience ; we have had the test : and I think this country will want something very clear, very convincing, very decisive, before they will buy new lamps in exchange for the old ones which have shone so brightly, and which have carried comfort and peace and prosperity into an untold number of the homes of the poorest of the poor, and provided them with comforts and luxuries which they never would have had under any system of Protection whatever. I am not going to stop here. I have another sentence or two that I must utter before I sit down. I have been dealing to-night with proposals for the future. What shape or form these proposals may ultimately take no man knows. I do not think the Cabinet knows. The addresses that they are issuing to their constituents, those of them that require re-election, are in absolute contradiction to what is the undoubted policy of their leaders. For the moment I put aside the future. I hope we shall be ready to fight when the future comes.

Sir Henry then proceeded to deal with the report of the War Commission.

The Earl of Rosebery

at Sheffield.

13TH OCTOBER, 1903.

WELL, what do you think of it all? What do you think of it all—that is what I want to know? I would much rather hear that than make you a speech this evening; and I will tell you why. Because I think I know what is passing in all your minds, and I am quite sure that in the rugged, forcible Yorkshire dialect, which can compress so much into so few words, you would express a great deal better what I think than I can do in my own more courtly diction.

Just think of what has happened. On May 14th last we were engaged in our usual placid pursuits. We were discussing those homely and, as they are now scornfully called, those parochial topics which, after all, interest the homes and the families of an Imperial race, such as temperance, the housing of the poor, education, and such peddling topics. On May 15th all this was rudely disturbed. A powerful Minister took the opportunity of the Prime Minister's being engaged in defending the abolition of the Corn Tax to go down to

Birmingham and deliver a speech, in which he declared that the Empire was in danger unless the Corn Tax was materially increased. Well, then, as we now know by the light of subsequent revelation, there was not less amazement in the Cabinet than there was amongst ourselves. They had not been privy to this meditated departure; and, therefore, when they reassembled they had to consider some method by which the Cabinet could be kept together, and brought into harmony with the speech at Birmingham. So the discovery was made that we were engrossed, not in a policy or new departure, but in an inquiry—that is to say, that the Government was engaged in an inquiry.

Now, I am one of those who ventured to doubt whether there was any inquiry at all. I was under the strong impression that the only inquiry carried on by the Government was under the right that every intelligent person possesses, to inquire into any subject that he chooses. But I am bound to say that subsequent conviction has made

me feel that I was probably wrong. There was an inquiry, but it was into the constituencies and not into the commerce of the country. The result of that inquiry into the constituencies has been now made manifest. Then the Government said that, while they were engaged in inquiry, they wished that others should engage in discussion. They invited free and fair discussion in every class of the community on this important subject. There was only one exception that

**Inquiry—
except in the
House of
Commons.**

they made. That was in the very temple, in the very home of free discussion, in the centre of free discussion for this Empire—in the House of Commons itself. Day by day and hour by hour, with matchless dialectical skill and resource, the Prime Minister fought to gag the House of Commons with regard to the one subject on which the House of Commons ought to have pronounced its opinion. That policy was temporarily successful. It could only be temporarily successful, because you cannot prevent a storm by sitting on the barometer; and so the compressed electricity of the country went on gathering in power, until at last the hour approached, and the Colonial Secretary was about to deliver his gospel to the nation.

**The
procession
of
Resignations.**

It was then necessary for the Cabinet to meet; and the Cabinet met. It met with great results, though it was not then aware that the Colonial Secretary had resigned three or four days before it met. We waited anxiously outside, and at last, as we expected, the door opened and out came the Chancellor of the Exchequer and the Secretary for India; but there was a third with them—though they knew it not. Invisible to them, as in some old ballad I have read, there went the pale shadow of the Colonial Secretary. There was a pause, and the door opened again and out came the Secretary for Scotland; and I wish to take this opportunity of saying how much I regret that departure, because we had an experience of the earnest, able, and sedulous spirit in which he watched over the interests of us Scotsmen. But he went, and he went in a good cause. Then there was another pause. A meeting at Sheffield had the benefit of—what shall I say?—something in the nature of a wet squib. Then the door opened again, and there came out with slow, reluctant, but dignified steps, followed by a piercing shriek of anguish from within, the majestic form of the Duke of Devonshire.

Now, Sir, I am not going to touch upon the points to which this narrative gives rise. The door has since been opened to new aspirants to the Cabinet room, and *The Times* says all these appointments make for efficiency. It is rather a cruel reflection on those who previously held the places and who, we were given to understand on the same authority, for the last eight years were always the best of possible Ministers. I shall forbear to say a word about them. Nor will I make any remark on the nature of these transactions. I await the explanation of the Prime Minister. They are certainly unprecedented in English political life. Nothing like the departure of the Colonial Secretary pairing off with his principal adversaries in

the Cabinet has been seen since Mr. Canning and Lord Castlereagh resigned in order to fight a duel. And, as to the way in which these guileless Ministers were allowed to surrender their posts without an inkling that the cause and origin of the whole disturbance was going too—as to that, I forbear to express an opinion, until I have heard the explanation of the Prime Minister.

But one very important question for all of us does survive all these transactions, and that is, who is Prime Minister?

In my mind there is no doubt whatever. Mr. Balfour **Who is Prime Minister?** is First Lord of the Treasury. He has said good-bye to his redoubtable colleague. If I understand his expressions, he entirely agrees with that colleague's policy. They also agree in thinking that the constituencies will not at present swallow it. But the irresistible conclusion forces itself upon me that when the ex-Colonial Secretary has converted the country to the views which he and the First Lord of the Treasury hold in common, that then the Ministry will be prepared to take them up and advance them with all the authority that may be left to them. I say, then, that the originator, the chief of the policy, is the chief of the Government at this moment, and that is Mr. Chamberlain. He, as it appeared at Sheffield, has a great majority of the Conservative caucus behind him. I believe that was apparent in the great meeting which the Prime Minister addressed. He has regained his liberty of action; and no one can now object that the printing presses of Birmingham are groaning under the leaflets that he disperses, and wishes to disperse, to a hungry nation. What is more, having left the Government on the fiscal question, he leaves his son, the sharer of his ideas, in charge of the strong box. I am sure we all congratulate that promising young man on his high elevation; but none the less would I rather have seen it on some other occasion than when, as the Protectionist son of a Protectionist father, he is left departmentally in charge of the fiscal policy of the country.

Mr. Balfour, however, pending the conversion of the **The half-way house.** country, has found refuge in a half-way policy. He has found refuge in the "blessed word" Retaliation. I am sorry to say I cannot regard that temporary habitation as either wind or weather proof. It is only a half-way house to the more logical home that the ex-Colonial Secretary has found. It is a sort of ark from which the First Lord of the Treasury can watch the proceedings outside, and wait for the moment when his wandering missionary shall come back with the olive branch of Protection. I see by a condensed report of the address issued by my young friend Lord Stanley, who has just become Postmaster-General, that he at present is not converted to the whole extent of the Protectionist doctrine. I am very glad of that; but it is only a temporary joy, because I fear that Lord Stanley is only in a temporary phase, and that, if he wishes to keep his place in the Government and the party of which he is a distinguished member, he will very speedily have to embrace the full philosophy, and go the whole length of Mr. Chamberlain.

Now, I will tell you in a word why I do not believe in the policy of retaliation. There is nothing now to prevent that policy being carried out. If you are negotiating with a foreign country—if, as Foreign Secretary, I were negotiating with a foreign country—I should have a perfect right, if the Government authorised me to say so, to say : “If you will not let in our goods on easier terms, if you will not break down your tariff wall, I will go to the House of Commons and move that the duty on your goods be raised by so much.” Well, that would be a very simple thing for a Ministry so powerful in majorities as is this Government ; and if they had the courage of their opinions they would not hesitate to do it next Session, with regard to any treaty in which they think it necessary, and which they may be negotiating.

But they have a further power and a further precedent, of which they could avail themselves if they had the courage of their opinions. There are the Orders in Council, which are the dormant weapons always ready to their hand, if they wish to use retaliation. If you remember, the famous Orders in Council, which were so much felt in the manufacturing districts of Yorkshire, were issued by Lord Grenville’s Government at the beginning of 1807, after the Berlin decrees of Napoleon, and by the Duke of Portland’s Government at the end of 1807, before the Milan decrees of Napoleon, issued with exactly the object the present Ministry have in view—that is, retaliation on trade incursion. They were maintained on that ground by the Ministers who had to defend them, Mr. Canning and Mr. Perceval. Mr. Perceval was Prime Minister when he made the speech from which I am going to quote. He said : “With respect to the principle on which the Orders in Council were founded, he begged to state that he had always regarded them as strictly retaliatory, and, as far as he could understand the matter, they were most completely upon the principle of retaliation. The object of the Government was to protect the trades of the country, which had been assailed in such an unprecedented manner by the French decree.” Therefore, I say that, if the Government want to use retaliation, they have the power if they can get the support of the country. If they have any further plan which would confer a more unlimited authority upon them, they must disclose that plan to Parliament ; but I am bound to say, from the use they have made of the authority they already possess, I do not think that Parliament will be very anxious to confide any further power to them. With regard to the rest of Mr. Balfour’s speech, I trust you will forgive me for passing it over in silence, because it was remarkable chiefly for its omissions rather than for what it contained.

I pass, then, to the real protagonist, Mr. Chamberlain, whose policy includes that of Mr. Balfour, and which is, in fact, the logical whole of which Mr. Balfour’s is only a halting part. Well, I frankly say that I have very great admiration for the personality of Mr. Chamberlain. I admire his industry ; I admire his devotion to politics ; I admire his

energy. But I am not quite prepared to go so far as some of his admirers in the Press, who seem to make out that, because of his energy and because of his enthusiasm, we are bound to accept the policy which he urges upon us. I am frank enough to say that I would rather take a sound policy from a recumbent or even bedridden statesman than an unsound policy from the most energetic and enthusiastic politician that ever lived. In fact, I am sometimes reminded, in looking at Mr. Chamberlain's policy, of the opinion passed by an American on another very distinguished American, whom respect forbids me to name. He said: "I think Teddy So-and-so would make a very good President of the United States, but what I may ask myself is this, what would be left of the United States after Teddy had been President?" But, above all, I admire the imagination and the ability with which Mr. Chamberlain has laboured at the Colonial Office. It is not that I admire so much his diplomacy before the South African war, or his management, or association with the management, of the South African war; but I freely recognise that he has developed enormously the power and the usefulness of the Colonial Office in the Empire, and I should have been glad, had circumstances enabled me, to support the policy he has brought before the country this year.

**The Imperial
Federation
League.**

His policy is not new. We in the Imperial Federation League, of which my friend on the right, Lord Brassey, is a distinguished member—we worked at it some twenty years ago; but we worked at it in vain.

In fact, this idea is no more new than the idea of retaliation. Colonial tariffs and retaliation are experiments which we have tried in the past, and which we have recalled because of their disastrous effects; and we began in the Imperial Federation League with the assistance of a very able economist, the late Sir Rawson Rawson, to discuss tariffs with the object of finding a means of uniting the Empire. But we always broke our teeth against this final obstacle. It was that we could not believe that any sane Minister would be found to advocate taxation of food and raw materials, and we knew perfectly well that there was no means of giving preference to the Colonies unless you taxed both food and raw materials. Now, our old friend, this commercial project, comes up again in a new form. It is advocated with all the rhetoric of one of the ablest of our orators. I see before me a mass of glittering soap bubbles. That is the scheme. But when I endeavour to grasp any one of these intangible and attractive objects, I find that it dissolves in my hand.

**Mr.
Chamberlain's
previous
promises.**

Now, I will tell you why it dissolves in my hand. Because everything in the plan is hypothesis and assertion. "If you take my plan," says Mr. Chamberlain, "wages will rise; if you do not take my plan, I fear wages will fall. If you accept my plan, I shall be able to add a pig to the luxuries of the agricultural labourer." I do not wish to be disrespectful to Mr. Chamberlain, but we remember that he has promised a good many things before. There were Old-Age Pensions promised in 1895, which are something in

arrear. They were promised again this year, and have now dropped again. There was formerly a cow. There is now a pig. But if the pig is not more substantial than the cow, I am afraid the agricultural labourer of this country will not possess that luxury in a short time. My point is this, not to poke fun at these promises, but to lay down this elementary proposition—that a great commercial country like ours cannot reverse a commercial system, on which so much prosperity has been built up, purely on hypothesis. Now I quite admit that we should not take anything fiscally, commercially, or politically entirely on trust. I am dead against simply citing the authorities of men who are dead and gone—great men in their time, but who could not foresee the circumstances of the moment. At the same time I do complain of the limitations placed upon our discussion at the present time. We are told to discard Adam Smith, to forget Bastiat, not to

think of Cobden, and entirely to forget Bright. The one

The Great Sir whom I thought the greatest of all is never mentioned in
Robert Peel. these discussions. Though he was principally responsible, though the principal credit is his, he is never mentioned, because he was a Conservative Prime Minister—the great Sir Robert Peel. No, we are limited entirely to the economic pronouncements of Mr. Chamberlain, and of Mr. Chamberlain in his very latest years.

Mr. Chamber- Now, no doubt Mr. Chamberlain, in preaching
lain's appeal to this new gospel, is able to appeal to two great forces.
two great One is those who think that by some means or other their
forces. condition may be improved. Well, that comprises about

the whole human race. It is a very strong backing that Mr. Chamberlain is appealing for ; but I do not believe that all of us—and we do all of us think that in certain conditions we may be better off than we are—that we are so insane as to take a leap in the dark to try to improve that condition. There is a second great force to which Mr. Chamberlain appeals, and that is the combative element in the British character, which is also powerful. “I like to hit back when I am hit.” That is a sentiment that appeals to all of us, and, when I find that it pervades every part of the policy of this eminent man, I am only sincerely glad that he is not at the head of the Foreign Office. But it appeals to everybody. You saw it at Croydon the other day. Mr. Ritchie—(cheers)—I am glad you cheer Mr. Ritchie, because never forget that Mr. Ritchie gave you the Local Government Act, and that he has acted the part of the man in all these transactions—but the other day at Croydon he happened to point out, quite truly, that the United States might retaliate on Canada for these new duties, and the audience at once broke up and sang “Rule Britannia.” I only mention that to show that this spirit has deep roots in the English character; but I am bound to say that the mere prospect, the mere hints which are thrown out, that this

The new
policy and
foreign
countries.
 new tariff will annoy Germany very much ; that it will harass France ; that it will complicate matters with Russia ; that it will make a sort of commercial struggle with the United States—I am bound to say these

arguments do not fill me with the gratification which they appear to inspire in the apostles of this new gospel. I can truly say that the prospect of having much worse relations with the United States, much worse relations with France and Russia, is not in the slightest degree to me an allurement to pursue this new adventurous policy. Of course I may be wrong. I am a poor-spirited creature. I do not wish to be at war with the whole world; but I am confident of this, that if this policy carries out all that those who believe in it think it will carry out with regard to our relations with foreign nations, we should be not long after its inception engaged in a commercial battle with the whole civilised world, compared to which Armageddon was a joust. I

Armageddon. was very much struck by the humorous speech of a distinguished colonist, who said the other day that it was almost refreshing to him to see an old nation, with our knowledge and experience, advancing light-heartedly into this unending war of tariffs. He himself had occupied his whole time in the Colonies in carrying out wars of tariffs, and he had come to spend the remainder of his days here, hoping to find peace; but it was disheartening to him to find he had gone out of the frying-pan into the fire—I am quoting his substance and not his words—in coming back to England.

Launched without inquiry. My first objection to this policy is to the methods of proceeding. I say that it ought not to have been launched in the way it has been launched. That in itself is a great disparagement of its authority. It should have been launched after careful and independent inquiry, after long conference with the Colonies, and with a definite and concerted plan. In this particular instance, in this particular policy, every one of those elements is wanting. It was launched in a speech quite suddenly, without even inquiry in the Government. We now know that Mr. Ritchie wanted to refer the whole question to an independent tribunal, preferably a Royal Commission; and it is some comfort to us who were urging the same course in the House of Lords, as a means of taking this matter out of the arena of party controversy, and who were told by the Government that we were fools for our pains, to find that there was another fool in the Cabinet, and not, I think, the greatest fool of the number. Now we are told it should be non-political. I say it should have been non-political. If the policy was to appeal to the country, it should have been non-political.

The Burnley Speech. Just as I came here to-night, much too late to make any careful reference to it, *The Times* was put into my hands containing a leading article challenging me on the non-political character of the question, and printing, very considerably—because speeches are quickly forgotten—the speech I delivered at Burnley immediately after Mr. Chamberlain promulgated his policy. And I said then, as I should say again at such a time and under those circumstances, that the question should be treated non-politically, that the Chambers of Commerce should weigh the *pros* and *cons*. Three days after Mr. Chamberlain's speech at Birmingham I made my speech at Burnley, and if I had to make that speech again I

should make it as I then made it. But, since then, what has happened? We have seen the gagging of the House of Commons, we have seen the resignation of Ministers and the break-up of the Government, we have seen the outcome and spirit of the Tory caucus, we have seen every political method and strategy used in order to prejudice this question and to throw it into what I called at Burnley—but will not repeat—the base arena of party. It is too late to waft us back with the soft notes of the flute, and beg us once more to assume a non-political attitude with regard to what has become the greatest party issue in the country.

Now, what is this policy? It is, in brief, putting retaliation on one side—for I have already said all I mean to say about retaliation—it is a policy for imposing taxation on all foodstuffs with the single exception of maize and bacon—an exception that I am not sufficiently in the secrets of the Inland Revenue to understand—and then to remove as compensation the war taxes on tea, cocoa, and sugar, taxes of which you anticipated the removal, I have no doubt, in the Budget this year; and, as this will make a considerable deficit, to remedy everything by the simple process of the clapping of 10 per cent. on all manufactured or semi-manufactured goods. Now, I say that Mr. Chamberlain, to prove his case, has to prove three things:—

First, that Free Trade has failed to secure prosperity for the country.

Three things to prove. In the next place, he has to prove that his remedy will not be worse than the disease, even if he proves a disease to exist.

In the third place, he has to prove what he alleges, that his scheme would bind the Empire more closely together, and that the Empire indeed would fall to pieces without it.

I maintain there is not a vestige of truth in any one of these propositions. I hold, on the other hand, that Free Trade has not failed, and I hold, secondly, that this proposal would tend to dislocate, and probably to dissolve, the union of the Empire.

Now, the first question we have to discuss, and I shall pass over it very lightly, is: Has Free Trade failed? I pass it over very lightly because in every single speech I have seen on this subject from my side, more especially in the crushing and convincing speech of Mr. Asquith at Cinderford, I have seen figures quoted which prove that it has been an abundant success. You have had some of them this evening in the letter from Sir Frederick Mappin, and, as there is some ground to traverse, I will ask you to take these figures in the main for granted. But I venture to say this. Put your hand where you will, and you will not find anything but proof of increase and abounding prosperity.

Our foreign trade is 880 millions sterling annually. Let me parenthetically remark that in Mr. Chamberlain's scheme we are asked to imperil three-fourths of this trade, this, our foreign trade, in order to catch at a somewhat illusory sixteen millions of Colonial Trade, which I firmly

What is Mr. Chamberlain's Policy?

Colonial Trade with Foreign Countries.

believe our Colonists have not the slightest intention we should secure. Then there is our home trade, which is always left out of the discussion by the Protectionists. As to this, it is very difficult to obtain accurate figures, or any figures; but it is certain that it must be enormous and almost incalculable. We may take it, at any rate, that the home trade of this country is much greater than that foreign trade on the supposed decline of which so much stress is laid.

I will give a few figures from Sir Robert Giffen, who is, I believe, the most considerable statistician we have alive at this moment. Sir Robert Giffen computes the income of this country, the entire income of this country, at 1,750 millions per year. What do you

**Sir Robert
Giffen's
figures.**

think he calculates the capital of this country to be?—

15,000 millions sterling. Those are figures of the Arabian Nights. I do not pretend to vouch much for them. I only say that if the leading economists of this

country, the leading statisticians, put these forward as accurate figures, at any rate we may hug this fleeting comfort to our bosoms that our country has not suffered very materially. "Oh, but," says *The Times*, "these are all delusive figures. There are cross entries. For various reasons you really must not place any confidence in them." But what figures are we to place confidence in? Let *The Times* give figures it believes in. For the present those that are supplied to us only support the contention of the success of Free Trade.

**1872—the
pivot year.** We are referred to the year 1872. That is the pivot year upon which the whole system rests. We know perfectly well that 1872, as has been constantly demonstrated, was exceptional. It was the year when France had been

completely ravaged and devastated. She was scarcely able to supply herself with anything, and we could not execute orders fast enough to supply the waste which had been caused by the war between Germany and France. At this moment our condition is exactly the reverse. It is we who have been carrying on war; it is we who have been wasting our resources. I am not questioning the justness of the war; I am only saying that war, just or unjust, is always a waste of resources. And, therefore, I maintain that to take 1872 and contrast it with 1902 is about the most unfortunate proceeding, as regards a candid review, which can possibly be conceived. Of course, there is another question to be considered—the question of prices. Let me give

**The question
of prices.**

you the figures for 1872 and 1902 on the prices of 1902.

You are told there has been a great stagnation of our exports. In 1872, on the prices of 1902, they were £182,577,000, and in 1902 £277,552,000, an increase of near 100 millions in those thirty years; and if you are inclined, as Mr. Chamberlain was inclined at Greenock, to sit down like Job and scratch yourself with a potsherd over our commercial decline, those figures are not entirely destitute of comfort. There is another point which is full of gravity in considering our commercial position. We are the carriers and the clearing-house of the world. We are the financial centre of the world, a position dependent upon the utmost liberty of commerce. Take care how you tamper with this position. Take care how you lay

hands on the majestic but sensitive structure of British credit and British commerce, which has been reared upon the secure rock of Free Trade.

I have only been talking of millions, and millions do not touch the hearts of the people. What has the workman done in these years? Now, again, I am not going to quote many figures, because they have been quoted so often; but I will take one curious instance from the speech of the great Sir Robert Peel in 1849, in which he vindicated his commercial system against the objections of the late Lord Beaconsfield. He took two instances, typical instances, of a labourer in Dorsetshire and an artisan in Paisley. Paisley was then considered a typical commercial centre—a manufacturing centre. Now at what rate do you think that he took the wages of these two men in 1849? The labourer in the country was taken at 8s. a week; the artisan in Paisley at 10s. or 12s. a week. You may say that in those days—even in those days—the smaller wages had a greater purchasing power. But we know exactly the reverse. We know what is the purchasing power from the report of the Board of Trade, issued a month ago; and the purchasing power of 100 shillings now is as great as 140 shillings before the establishment of Free Trade. I venture to say that, in those two simple circumstances, you have an illustration which you can compare with your own experience, and which must carry conviction, to all but the blindest, of the work that has been done by Free Trade for the working-classes.

What as to the hours of labour? Here let me say that, while the Government were carrying on their inquiry, whatever it may have been, the Board of Trade was carrying on an inquiry of its own, a just, impartial, laborious and valuable inquiry. My only regret with regard to it is that it cannot be published in more popular form, so as to be in the hands of every man who thinks and cares for these subjects, because in every page, in almost every figure, it sustains the contention that I am laying before you. How are we as regards hours of labour? Germany, our great competitor, has the longest hours of labour of the four countries I am going to mention. France has the next longest; the United States the next longest; and Great Britain has the least long of the four. For example, the Board of Trade says, in this report, that the blast furnacemen in England only work eight hours against 12 in Germany. How is it as regards comparative wages? In the

United States the wages, I admit, are higher, but there is no comparison possible between this country and the United States. The United States, with its vast virgin resources, with its unlimited territory, with its population only 21 to the square mile, whereas in England we have nearer 405 to the square mile—when the population of the United States gets as dense as ours then will come the time to compare the social conditions—is outside comparison with an old and dense country like ours. As regards wages, the Blue Book lays down that

the wages in Germany are only two-thirds of those paid in England, and in France only three-fourths. I do not think it necessary to dwell any further on the success of Free Trade. I think in some future speeches I may have an opportunity of expanding what I have said, for I cannot go over the whole ground to-night. But there is another point to which I would ask your attention.

No finality in protectionist policy. Under this new policy you are told that the duties will be 5 per cent. and 10 per cent., and so forth. I do not suppose anyone in this hall believes there is any finality in a policy of this kind. All experience is against it. The duties rise when a branch of industry becomes distressed. There need be no question in a protected country of trying new methods. The first cry of the manufacturing interests in distress is "Clap another 10 per cent. on to the duty, and that will make us all right again." And, so again, with the duties on foodstuffs. I do not suppose that those who are connected with agriculture would long remain satisfied with 2s. as a duty when everybody else is being protected. But there is another point I have seen raised, to which I should like to ask your attention. "Why not try it? You can always give it up if it does not succeed." That is exactly what you cannot do. For under Protection there grow up interests, trusts, and sometimes corruption, and, whatever tendency you may show to retrace your steps, these elements in the situation will take very good care that you do not.

Now you may say, "But how would you fight these hostile tariffs?" **How to fight hostile tariffs.** I do not believe retaliation to be efficacious, but I will not dwell on that subject. But how are we to fight these hostile tariffs? I believe we must fight them by a more scientific and adaptive spirit—by better education; and you in Sheffield with your college, which I hope is soon going to sprout into a University, will do much good work in that direction. I say by education, but, above all, keep the universe as your market for your raw material and for your food. Whatever else the working man may surrender to the voice of the charmer, this, I hope, he will never give up. Let him insist upon having the universe as a market for the sources of his food.

But I know—it is only a question of time—bad times will come. Then we shall be told that it is all the work of Free Trade, and that if we all had done what Mr. Chamberlain wished us to do we should now be rolling in plenty. Well, that is to presuppose that protected countries never have troubles of their own, and that they enjoy a run of unbroken prosperity. We all know one who has flourished under Protection, and is now passing back to the people in beneficence much of what he had made by the people—I mean Mr. Carnegie. He has made what they call in America a "prodigious pile." This is what he said this year to the Iron and Steel Institute with regard to the industry of steel in America, at which we are told to tremble:—"It is an instructive fact that the majority of the largest manufacturing concerns

in the United States have, at some period in their career, either been in the hands of receivers, been mortgaged, reorganised, or sold by the sheriff to the great loss of their original owners. Indeed, those which have escaped financial trouble are the exceptions. . . . Our experience in America has not been peculiar. The year before last the iron and steel works of Germany were generally in depressed conditions, and their shares suffered heavily. I read a list of these losses at the time which impressed me deeply. If I remember rightly, many declined one-half or more. Several important works were reported in financial trouble." And Mr. Carnegie goes on to say that our experience is very much the same. But I only wish to point out that it is not we alone in this country who are the victims of occasional depression, but that protected countries have their share as well.

Fixed incomes. Now, Sir, I am going to leave this part of my subject, for I shall have other opportunities of treating it. I am quite aware that it is said, and said with great truth, that these things should be threshed out by business men.

I am quite aware that I am not, in the direct sense of the word, a business man. Indeed, I should like nothing better than to see those questions threshed out by long-sighted business men of clear judgment. And now that this particular plan is before the country I should like to see, as an additional element in any such congress that may be brought about to discuss the subject, men or women with fixed incomes, who, I think, must have a strong and definite opinion on this new policy.

The Imperial aspects of the case. My next proposition—and I want to come to that at once, because though not a business man I have some qualifications for discussing the Imperial aspects of the case—my second proposition was that this proposal would tend to dislocate, and in time dissolve, the bonds of union of the Empire. Now here again we have to meet assumption. You remember Mr. Chamberlain's famous sentence: "If you wish to keep the Empire together you must have preferential tariffs." And therefore you may hold the converse proposition, that if you preserve Free Trade you cannot preserve your Empire. Were this so, I, to whom the Empire and the future of the Empire has been the political faith and a passion of my life, would at once favourably consider, I am afraid without too much reference to political economy, any proposition which would have the effect of keeping together this great instrument of glory and of good. But I am happy to say that, here once more, we are confronted with absolutely baseless assumptions. Throughout the whole of Mr. Chamberlain's speeches you will not find a jot or a tittle of proof for the amazing declaration that he made with reference to the condition of the Empire. I am happy to say that the proof is all the other way.

Goodwill of the Outer-Britains. You had only recently, in the South African war, a proof of the readiness with which the Colonies, the outer-Britains, came forward to support the mother-country in what, owing largely to the vacillation and incapacity of our Government, was the hour of need. You had last

year at the Colonial Conference a measure of the goodwill and concord which exists between the representatives of the outer-Britains and the representatives of Great Britain. Every proof of which we can have any tangible knowledge goes to prove that, under the present system of Free Trade and Free Empire, the Empire has developed both in loyalty and in prosperity.

The Colonies and the Empire. But I know it is said by the advocates of the new dispensation: "Oh, sentiment is all very well, but you want something more material than sentiment." I grant that. Have you nothing more material than sentiment in your present relationships to the Colonies? Take our Army and Navy. Our Army and Navy cost us something like 69 millions this year. That is £1 12s. 6d. per head of the population, or £8 2s. 6d. for a family of five. The Australian burden for defence is 5s. per head, or £1 5s. per family. The Canadian burden is 1s. 6d. per head, or 7s. 6d. per family. Do I grudge this expenditure? Not a whit of it, but I envy them. I do not grudge the expenditure. I have never been one of those who, in public or in private life, have demanded a contribution from the Colonies for Imperial defence. I do not grudge the expenditure, but I cannot help feeling it is a very material part of the bargain.

The credit of the Colonies—the credit of the Empire. There is our whole diplomatic and the Consular service. That is maintained for the whole of the Empire. There is not an Australian, a New Zealander, or a Canadian who has not as much right in our Consulates and Embassies as Lord Brassey or I. Do I grudge that? No; I regard it as a bond of union and Empire. It enables me to understand why Sir Wilfred Laurier gave us a preference in his Canadian tariff, as he said, not in the expectation of any equivalent, but as a measure of grace and loyalty. I understand why he gave us that preference—as a sort of indirect acknowledgment of what we had done for our Colonies; and I should not have been greatly surprised if other Colonies had also, and in the same spirit, extended such a preference to us. But there is another great material bond which is sometimes forgotten. There is the money market. The credit of the Colonies is the credit of the Empire. We have made their stocks trustee stocks. That is one of the works of Mr. Chamberlain at the Colonial Office. It is calculated that in Indian and Colonial loans, in Corporation stocks and railroads, we have invested some 825 millions at rates little exceeding the rates at which our own Government can borrow on value. Now, I think that, if you consider what a commanding element it has been in the alliance between France and Russia, that the credit of France has been freely extended to Russia, you may grasp the fact of the enormous material bond and chain, link, or whatever you choose to call it, which is implied by these figures and facts.

Where is the Colonial offer? But I say that all in this policy is hypothesis; the whole of Mr. Chamberlain's argument is based upon hypothesis. He talks constantly of the offer which the Colonies have made to us. Where is the offer? I read

his speech in vain for any indication of an offer. Sir, the offer is from us. We are to tax the staff of life in order that the Canadians, who have abundant untaxed food of their own, may grow more wheat to furnish our granaries. That is surely a one-sided arrangement. They already prosper, while our own farmers are notoriously not prospering. The offer, therefore, seems to come, not from the Colonies, but from us. But even the offer has not as yet met with any response in the Colonies. I have only seen two communications from the Colonies since Mr. Chamberlain delivered his speeches, and I take them both from newspapers extremely favourable to his policy. The first is from Canada. "In an interview a permanent official of the Agricultural Department in Canada said: 'This department has been working hard for many years to encourage

**Canada
and
preference.**

mixed farming as opposed to wheat farming. Unless the preference be extended to all farm produce our work will be swept away.' Regarding that portion of Mr. Chamberlain's speech as to the return the Colonies will

make for preference, the manufacturers are emphatic that they will concede no more to Great Britain. A leading manufacturer said: 'We have gone far enough; we will fight to the death any proposal for the reduction of the present duties in any further concession to Britain in return for preference.' I do not in the least blame Canada. I wish her to consult her own interest and convenience. But, so far as these communications go, I see no trace of the offer of which Mr. Chamberlain has spoken.

**Australia
and the
"offer."**

Take Australia. "The Australians," it is pointed out, "will not shrink from any sacrifice of life and treasure in the hour of the nation's danger, but when the expansion of manufactures, or the life of new industries

are threatened, they feel that in self-protection they cannot lower the present duties, though they are ready to impose higher ones on foreign imports." There is no very material offer there. "An undoubted desire to be helpful to the Mother-Country exists throughout Australia, yet with this benevolent feeling is mingled a strong determination not to enter into any compact which would not be mutually and equally advantageous."

**Canadian
timber**

That, to me, seems absolutely sound sense on the part of Australia; but I fail to detect any vestige of an offer. Why should there be an offer? The great production of Canada is not wheat, but timber. The value

of timber produced from Canada, as compared with wheat is, roughly speaking, as seven to four. It does not fill the Canadian lumberman with the slightest enthusiasm, either for the Empire or for anything else, to be told that the wheat of Canada is to obtain a preference in our markets. He asks naturally, "What are you going to do for the staple product of Canada?" The answer is, "Nothing." What are we going to do for Australia? We are going to give a slight preference to Australian wine and perhaps Australian fruit. This may explain a certain tepidness on the part of Australia. The export of Australian

wine is extremely slight. I have not got the figures with me, but my impression is that it amounts to about £140,000 a year. And therefore to bind Australia to the Mother-Country with a little furtherance of this wine trade of Australia does not seem a proposition which is likely to smile very much on either country. What is the great product of

**and
Australian
Wool.**

Australia? They send to us 334 millions of pounds of wool every year. What are you going to do for wool? Why, you are going to do for it what you do for the timber. You are going to do nothing. But "Oh!"

you say, "wool and timber are raw materials, and we have said we cannot tax raw materials." Not tax raw materials! Is food not raw material? Why, Sir, food is the raw material of the race, without which your Empire is nothing but an idle dream; and if

**Food, Raw
Material.**

you say you will not tax raw material, and yet tax food, you are proceeding on a basis as illogical as it is absurd.

Depend upon it, an Empire which is based on a tax on bread, after you have enjoyed free imports of food for fifty years, is not likely to last as long as the Campanile of Venice.

**A Schedule
of Forbidden
Industries.**

But the Empire is not alone to be consolidated by a tax on food and by the assistance of Australian wines.

There is a further stipulation. The plan is that we should go to the Colonies and veto their engaging in certain industries. Now, I confess that, though I have thought constantly about the union of the British Empire, I do not see the British Empire resting on a schedule of forbidden industries. Do you suppose that these young and growing communities, full of energy, full of ambition, will consent when a British Minister goes to them and says: "Well, you must leave us that industry, you must promise not to engage in it," that they will fetter themselves by any such promise or undertaking? Do you not see that, if they did anything of the kind, they would be false to their own race, and their own children in times to come would rise up and curse and disavow them?

**America and
the Tinplate
Industry:**

I understand from Mr. Chamberlain that twenty years ago, if he had been of the same mind as now, which he was not, he would have gone to America and have said: "Do not engage in the tinplate industry; we wish to keep that for ourselves"; and he points to the diminution of our exports in tinplate to America as one of the melancholy results of our not adopting that policy. But, as it happens, we have made up the tinplate exports that we have lost to America elsewhere, and I saw this morning that Sir John Jenkins, who is a great authority on this subject, says that they have produced no less this year than 18,000 tons more than they did two years ago, which does not look like a very fallen or depreciated market. No, I say that the project of vetoing industries in the Colonies, as a means of uniting the Empire, is unworkable and unsound. You must remember that the Colonists are attached to the Empire, they are sincerely attached to the Empire; but they are a very shrewd race, and do as we must do—look to their own

interests first, and, that understood, they are willing to co-operate with you, with the reserve of their own commercial interest, in any Imperial undertaking in which you may justly engage. That understood, they will work with you and for you for the sake of the old country and the old race ; but any policy based on any other consideration is only a delusion and a snare.

Imperial Tariff doomed to failure. Now, I maintain, therefore, that there can be no fair or practicable Imperial tariff. It is acknowledged by its promoters that it cannot include raw material, and it cannot be satisfactory unless it includes wool and timber, which are raw materials. I believe, then, as I believed twenty years ago, when we were working on this in the Imperial Federation League, and for the same reason, that any such system is doomed to failure. I say you cannot fix an Imperial tariff which will be satisfactory. Still less can you base an Empire on a schedule of forbidden industries. All that is left for you is to try to execute commercial treaties or understandings with each separate Colony. What would be your commercial system then, and where would be the union of your Empire ? Everything periodically, perhaps annually, would have to be revised in our commercial relations with every Colony. You would at last be subject in negotiation to the threat, so unpleasant to hear and realise as a possibility, that "perhaps after all we had better cut the painter." Your Chancellor of the Exchequer would be unceasingly engrossed in the attempt to conciliate wholly incompatible and antagonistic interests. Heaven preserve us from the bad blood which would be created under such a system !

A Policy of Dismemberment. That is the plan, that is the whole plan, which is proposed to take the place of the present system which is founded on absolute independence of action and absolute conciliation of individual interests. So far from preserving the integrity of the Empire, I honestly and conscientiously believe that any policy such as that advocated by the late Colonial Secretary would almost inevitably lead to its dismemberment.

The Artisan and the Empire. I have one more objection to mention, and it is this. I, as a profound and convinced Imperialist, do not wish our people at home, at any time of scarcity or of depression or famine, to weigh the interests of their material well-being against the conception of the Empire. It will be a bad day for Great Britain—it will be a worse day for the Empire at large—when the artisan returning to a stinted meal—stinted by taxation or scarcity—may say to his family : "Ah, things would have been very different had it not been for this Empire, for the preservation of which we are now so heavily taxed." I do not wish that interest and that conception ever to be brought into antagonism. They are in perfect harmony now. For God's sake do not let us disturb that harmony.

Fiscal and Political Union. Moreover, I am doubtful about the proposition that fiscal should precede political union. I will not enter upon that subject to-night. It is too long for anything

it is very but a separate speech; but I confess that, if I doubt it, much from the argument which was brought forward by the Prime Minister to illustrate that contention. He said, "Look at the union of Scotland and the union of the German Empire.

Scotland.

Those were both cases in which fiscal union preceded political union." As regards Scotland, I know something, because I belong to that country. There was no

fiscal union which preceded the union. It was exactly the reverse. Scotland was starved and coerced into union by the fiscal regulations of England, meant, I am bound to say, with no other purpose but to promote that union. But is that the same as fiscal

The German Empire.

union preceding political union? The German Empire was united, not by fiscal union, but by blood and iron.

When Prussia took up arms in 1866 to bring about the union of Germany she was opposed by almost the whole of her colleagues in the Zollverein. The Prime Minister could not have chosen more inappropriate examples for his thesis. You may say that the Colonies do not want any political union, but I may say that, so far as indications go, they do not want a fiscal union. What these gentlemen ignore is this—that everything in the Empire has been strong and successful because it has been free and spontaneous.

Sir Wilfred Laurier and restricted trade.

I am in accord here with a much higher official authority than myself. I will cite you his words. I have cited other words, I think, of his to the same effect. Sir Wilfred Laurier, Prime Minister to Canada, a name known and respected by you all, said in 1897—and he

has, I think, repeated similar, almost identical, words this year, probably in the hearing of Sir William Holland—"There are parties who hope to maintain the British Empire upon the lines of restricted trade,"—remember this is the Prime Minister of Canada—"If the British Empire is to be maintained," he goes on, "it can only be upon the most absolute freedom, political and commercial. In building up this great enterprise, to deviate from the principle of freedom will be to so much weaken the ties and bonds which now hold it together."

The brilliant known—the dark unknown.

Those are weighty words. I can add nothing to them by any expression of mine. I have spoken to little purpose if I have not made it clear to you that I cannot accept this new policy. I cannot forget the long agony with which we passed from the protective commercial system, which had brought us near to famine and to ruin,

into the better and freer conditions under which we exist. I cannot risk this splendid result on the hazard of a political die. I cannot leave the brilliant known, under any guidance or under any prophethood, for the dark unknown. Will it bind the Empire together? No, Sir, I am convinced it will not, but it will replace the spontaneous, harmonious working of our Empire with constant jars and bickerings and jealousies.

**The open air
of
Free Trade.**

I sum up by saying that, commercially speaking, I will not exchange the open air of Free Trade for the hot-house of Protection, which raises barriers in the free commerce between man and man, which diminishes the value of every shilling you possess, and which fosters every corrupt and every evil growth. Moreover, so far as my strength goes, I will not allow to be dispelled my ideal of the future of the British Empire ; a strong mother with strong children, each working out her own political and fiscal salvation on her own lines, in perfect freedom, under varying conditions of their climate and locality. I will not disturb or blur that blessed vision which has been before me all my life, and which, I trust, will follow me to the hour of death, undisturbed by policies which can only wreck it, and by enterprises which can only end in national disaster.

Sir H. Campbell-Bannerman

at Bolton.

15TH OCTOBER, 1903.

WE ARE met to-night in the midst of no ordinary time; no man in this great assembly has ever witnessed such a tornado of political controversy as was unchained upon us in the month of May last, and may go on sweeping the country for weeks and months to come. We always in this country have our party differences, our political quarrels, our rival views, and our various ideals, and although we hold our opinions strongly, it is our habit to discuss them with calmness and moderation. But, in face of the situation now existing, it is hard to maintain calmness and moderation. What is that situation? We have a Government installed in office who claim to be in some special sense and degree the patrons, the defenders, the devotees of Empire. There are many of us whose pride in the British Empire is quite as strong, who are every whit as anxious to bind together the British power, and to serve and protect our kinsmen and their interests in every part of the world; but this Government, and its noisier supporters, claim the Empire and the Imperial idea as almost an asset of their own. They think, if they have not created, they have at least discovered both the one and the other.

**The Unity of
the Empire
threatened.** At the same time the Government has been for eight years in the enjoyment of an overwhelming Parliamentary majority, a majority accidentally secured—they have been in the enjoyment of a freer hand in government than any of their predecessors within our memory, so that they have been able to do with this Empire pretty well as they liked. And yet, as declared by their principal spokesman, the result of their mode of conducting your affairs is this, that the Empire is on the verge of dissolution: it is on the point of going to pieces, and, if you do not work a great revolution in the accepted fiscal policy of the country, its unity cannot be maintained—the most monstrous assertion

that has ever come from the mouth of any British Minister. No wonder that we were all, even the most phlegmatic of us, startled at this announcement when it was made, especially as it came from the Minister who was charged with the conduct of our colonial affairs. If it was true, it was the most reckless statesmanship to have proclaimed it, besides being a practical condemnation of the Government to which he belonged. If it was not true—what shall I say?—it was a wicked slander upon the mother country and the colonies alike. From that day to this there has never been advanced a single scrap of evidence of its truth, and thus we know to which of those two categories we must consign it; and although, happily, owing to the good sense of our countrymen, the national equanimity has not, after all, been seriously disturbed, yet this assertion remains as a record of the depth to which political profligacy can fall. But the dissolution of the Empire was not the only calamity which was prophesied, by way of working upon the nerves of timid people. We were assured—and this is the second of the two grounds upon which the new fiscal proposals, which are so much canvassed at present, are based—that our trade is being ruined. Now this was not a mere assertion in the month of May, never repeated. On the contrary, I find that last week we were told by Mr. Chamberlain that agriculture, the greatest of all the trades and industries of this country, had been practically destroyed, that sugar has gone, silk has gone, iron is threatened, wool is threatened, and that the turn of cotton will come.

Now, as we are before all things an industrial and commercial community, a failure or decline in our trade is a vital fact. But how does the matter stand? Mr. Chamberlain said, "Let us discuss"; the Government said, "Let us inquire." That was the little shade of difference between them. The Government have inquired and Mr. Chamberlain has now stated his case, and what is the result? The official inquiry triumphantly vindicated the prosperity and growing wealth of the country. In the face of the competition of the world, it is natural that some trade or other should have a spell of good fortune and a spell of evil fortune. But the mass of trade increases, and signs of well-being increase with it. By all the tests that can be applied by experts in the matter, the same results are obtained. The bulk of our trade, the value of our trade, the Income-tax returns, banking returns, rates of wages, and so forth; and another test, which is by no means a weak one, the numbers of persons employed even in the particular industries that are themselves threatened or destroyed, according to Mr. Chamberlain—by all of these it is shown that our trade has vigour and elasticity instead of the decadence imputed to it. Therefore, so far as the Government inquiry is concerned, the case for the trade of the country is made out. I do not propose to recite to you to-night the figures by which this happy condition of our trade is proved. They have been given freely, and are accessible to all; therefore I may at once say, as I have some

other things to speak about, I do not intend—and I wonder whether this will be more of a disappointment or a relief to you (I know which it would be to me)—I do not intend to overwhelm you with statistics. Statistics have been given abundantly and effectively, and I think the country is beginning to digest them.

But if we turn now from the official inquiry, as shown
The year in the Blue Book, to Mr. Chamberlain's own speeches,
1872. his case is completely vitiated at the very threshold by his audacity in taking as a standard of former prosperity a year, the year 1872, whose figures are notoriously and demonstrably swelled by the circumstances of Europe which had but little to do with this country at all. When challenged with this he says, "Oh, I did not found my argument upon the figures. I used them as an illustration of my argument." Well, I think that you will agree with me that, even so, there ought to be some little harmony between the figures and the argument, and I fear that the next time he addresses his countrymen on this subject he will have to furnish himself with a fresh lot of figures altogether, and I do not think that, large as the reservoir of the Blue Book may be—I do not think he will be able to find in it any figures to suit his particular purpose. It therefore comes to this, that for the danger to Imperial unity we have mere assertion and not even an attempt at proof, while the danger to the national

Mr. Chamberlain's two grounds. prosperity is disproved by the very authority to which the Government appealed. Yet it was on these two grounds alone that the standard of revolt against our established fiscal policy was raised. Now, let us look a little into this. What is this result, and what is this policy? Do not be misled by talk about a little duty of 5 per cent., or some other figure, on corn, which will be paid and felt by nobody, or about duties imposed upon certain commodities, which will be balanced by others removed from other commodities, or about the imposition of some small innocent duty in order to shut out the undesirable foreigner. Do not be misled into thinking that this is a small matter, and that it cannot do much harm, if it does no good.

A great, broad, and deep issue. These small specious proposals involve the great, broad, and deep issue of open ports and freedom on the one hand, and protection on the other. That is the question upon which the country is now to say on which side it will stand. Why are we Free-traders? They say that it is a shibboleth. Well, a shibboleth is a test, and I am not sure that it is not true that it is somewhat of a test. It is a test of wisdom, and of good sense, and of the insight of a man—which side he takes in a controversy such as this. But they talk of it as an obsolete shibboleth, and I am under the impression they think a shibboleth means a doctrine, and that this is the only way on their side to discredit and get rid of a doctrine that is inconvenient to them. And then they say we are worshippers of Mr. Cobden. Yes, we are admirers of Mr. Cobden. But we are not Free-traders because of Mr. Cobden. On the other hand, we revere Mr. Cobden and Peel and Gladstone because of what

Why free trade is good. they did for Free Trade. Nor is it any condition of our belief in Free Trade that other countries should follow our example. The thing is good for us, for this free country, for every man whatever his calling or station in the country may be. We are satisfied that it is right because it gives the freest play to individual energy, individual initiative, and individual character, and gives liberty to both the consumer and the producer. We say that trade is injured when it is not allowed to follow its natural course, and when it is either hampered or diverted by artificial obstacles. We are not willing to substitute for a system which safeguards the interests of the whole community, and maintains the purity of Parliamentary government, a system of out-relief based upon favouritism and involving a transformation of healthy trades, giving strength to the community, into parasitic industries sapping its vitality. We do not wish to promote the creation of monopolies and privileges, which

Protection creates monopolies and privileges. Protection invariably does. We Liberals believe in Free Trade because we believe in the capacity of our countrymen. That, at least, is why I oppose Protection root and branch, veiled and unveiled, one-sided or reciprocal. I oppose it in any form, and, besides, we have the experience of fifty years, during which our prosperity has become the envy of the world.

Mr. Chamberlain a Protectionist. But our opponents, the Protectionists, are at the present hour divided into two camps. There is Mr. Chamberlain and those who follow him. He makes no pretence of being anything but a Protectionist; nay, he goes so far as to say that "Protectionist" is synonymous with "patriot," or, in other words, that any man who is not a Protectionist is not patriotic—a phrase something like one that I think we have been familiar with before. He advocates a 10 per cent. duty on all manufactures, and a 5 per cent. duty on corn, with a preference to the colonies. Now, we quite understand what that means. There is no ambiguity about it. The other camp is under the captaincy of Mr. Balfour, and it is well for us to bear in mind, what we are perhaps too apt sometimes to forget, that he is, after all, Prime Minister of this country. What does Mr. Balfour say? When his colleague first spoke of preferential taxes on food, which were alone able to rescue the Empire, Mr. Balfour stood aloof. He had no settled convictions. He said that it was necessary to have a systematic and searching inquiry. Yet, oddly enough, before that inquiry was concluded, he made up his mind.

Mr. Balfour's position. And now we know what his mind is. He has ousted from his Cabinet by methods peculiarly his own—at least we hope they are peculiarly his own—the Free Trade members of it, and he declares himself in perfect sympathy with the views and the ultimate object of Mr. Chamberlain, and wishes him success in the cause which he has at heart. But he will not join his old colleague and present ally in the open advocacy of Protection. And why? Because the

times are not ripe for it. He therefore sets up a little intermediate policy of his own, a policy of retaliation, as to which I shall have a word or two to say by and by. "The times are not ripe" for it! What does this mean? It means that he knows that if he went to the country it would be rejected at the polls. It can have no other meaning. So it comes to this—the Empire is going to pieces, trade is being ruined under our eyes; he knows a specific to save them, but if he proclaimed it he would be ejected from power, and his party would be injured. Perish Empire, therefore, and perish trade—but save, oh save me and the Government of which I am the head!

**Mr.
Gladstone's
phrase.**

I have been dipping, during the last two or three days, into a book which has just been published—the "Life of Mr. Gladstone," written by our friend—my friend and yours—Mr. John Morley. I hope every man and woman here will read that book, not only because of its absorbing interest, but because of its loftiness of tone and the splendour of its ideals, and also, let me add, because I believe that it will be an imperishable monument of English literature. I have been dipping into that book, I say, and I was caught by a phrase. It is not a striking phrase, there is nothing rhetorical about it, it has not an epigram in it, it has only plain, humdrum, everyday commonplace words—and, because of their very simplicity and naturalness, all the more characteristic. Mr. Gladstone was writing to one of his sons, who was in India, a letter obviously never intended for publication. He was engaged at that time in preparing for the promulgation in the country of a great policy, which he believed would work infinite good to the country. But he had great difficulties. He knew that his friends, many of them, were cool towards it. He knew that it was unpopular in influential quarters. He knew that, in bringing it forward and in forming a Government for the purpose, he was risking his own fame as a statesman and the interests of the party of which he was the head. But what he says to his son is this. He talks of the difficulties in his way, and then he says, "But the great thing is to be right." Not that the great thing is to be successful, not that the great thing is to be popular, not that the great thing is to preserve your majority in Parliament. The great thing is to be right. These are the words of a man. As long as he knew he was right, what did Mr. Gladstone reck of the difficulties and hostilities, the unpopularity, intrigues, and odium, loss of votes, and loss of power? He incurred them all. He put it to the touch, to win or lose it all. "The great thing," he said, "is to be right." These are two Premiers of the Empire. Look, I ask you, on this picture, and on that.

**Retaliation
an obvious
makeshift.**

But now, let us look a little into this policy of retaliation. It is, of course, an obvious makeshift. It pleases the Protectionists. It does not content them, but they know quite well that if it is adopted, gradually—it may be speedily—their whole programme will have to be taken. It captures the selfish interests of individual trades, and of individual men; it gratifies the fighting instinct of the nation—and we have not

to go far back to see what may come when the fighting instinct of the nation is aroused. The design is to prevent unfair competition—the foreigner can undersell us, in some cases owing to advantages of climate, of wages, of hours of labour, social conditions, or high tariffs, and the proposal is that the Government should have power given to it to put on duties against such cases—in other words, to gamble with the trade of the country behind the back of Parliament. Why, this is not an end of Free Trade only; it is an end of Free

**Not a cure
but a
palliative.**

Government. But this, serious matter as it may be, is put forward not as a cure after all—for he says he knows of no cure for the slackening of trade—but as a palliative, and, therefore, we may take it that retaliator rhymes with palliator. Mr. Balfour's maxim is this: "We must

do to other countries what other countries do to each other." I am familiar with another maxim. "Do to others as you would that they should do to you." And I have yet a third maxim in my memory, a maxim of David Harum. Have you ever made the acquaintance of David Harum? I hope you all have. David Harum was a banker or money-lender of some sort in the State of New York, and he was a candid and particularly 'cute man in dealing with his neighbours in money transactions. And he laid down this as a rule

**David Harum's
rule.**

of commercial life, "Do unto the other fellow the way he would like to do unto you, and do it first." Now, I think that is worldly wisdom. I think more of that

maxim than of Mr. Balfour's, and you will observe that Mr. Chamberlain is of the Harum school. He is going to do it first, and put an all-round duty of 10 per cent. at least upon all manufactured goods, irrespective of this question of retaliation altogether. But, on the whole, I myself should fall back upon the antiquated maxim of Scripture, that it is better to do unto others as we would that they should do unto us—and that is the doctrine of Free Trade.

**Tariff duties in
the United
States.**

My first observation on this scheme of retaliation is this, that you cannot confine it to one commodity or to half a dozen commodities. Others who are consumers, or who are jealous, will demand that this advantage should be extended to their commodities, and so always you are drawn on from one to the other. If I am right, according to my recollection, that was precisely the origin of the tremendous tariff which now prevails in the United States. There was a duty asked for by a particular State for a particular industry—an import duty to defend its interests. It was a good deal resisted, but it was granted on the understanding that it was not to be extended to any other State, or to any other interest. But, at the very first election that took place, there was an immediate demand by other States and other interests to have the same benefit conferred on them. That could not be resisted, and thus the whole matter has grown into the condition in which it now stands. My second observation is that retaliation never beats down a tariff; that, on the contrary, tariffs rise higher and higher. To meet

**Retaliation
does not beat
down tariffs.**

tariff by tariff in order to beat tariffs down is absurd. Why, the one thing clear, if we are to believe these tariff reformers, is that tariffs for thirty years have been getting higher and higher, and why should we expect different results here from the results in other countries? Then, I would ask, "What are we to retaliate upon?" Mr. Chamberlain points to the excess of imports over exports to show that we can hit back with effect. Yes, but the great bulk of these imports are either food or raw materials. Does Mr. Balfour mean to tax them? He must tax them, if he is to hit and to hurt any such country as the United States. Moreover—and here is a point which I commend to every man engaged in commerce—retaliation

**"Most favoured nation"
clause.**

is doubly foolish, as we already enjoy the fruits of any possible concessions obtained by other nations, either under treaty or by their tariff wars, by means of the automatic working of the "most-favoured nation" clause. This preferential treatment, which we enjoy almost universally, is the price we obtain for our Free Trade, for our policy of open ports; it has not been threatened up to the present; and what I should like to ask is—What could be more short-sighted than to sacrifice this obvious and immense advantage for the problematical benefits, and, as I think, the certain disadvantages, that retaliation would bring about? Well, I have only one thing more to say upon this question of retaliation. They imply—when arguments are brought against it—they imply that, after all, it is a power which is not to be used; it is something they are to have up their sleeve; it is to be a rod in pickle which is to terrify the foreigner.

**A game of
bluff with
the world.**

In short, they are to play a game of bluff with the world, by holding out the terrible things they can do if once they begin putting duties on. Have we had no experience of bluff in this country? I have heard of a terrible instance of this futile and unworthy game. I have heard of a Minister of a great country who tried to bluff a neighbouring State with which he was engaged in negotiation, and who, trusting to the efficacy of his bluff and persuaded that his neighbours would not fight, failed, together with his colleagues, to make due preparation for armed hostilities, and thus landed his country in a war full of suffering and death and devastation, at a cost to his country of 225 millions sterling. It is this same Ministry who apparently are now going to try their policy of bluff in a tariff war which has proved so infinitely disastrous to them and to their country on the other side of the world. I should have thought that they had had enough of it. Now, retaliation is, as I have said, inevitably the road to Protection. But here is a curious thing which is worth noticing in passing. If we compare it with Mr. Chamberlain's more thoroughgoing proposal, this strange point comes out. Both doctors order the same nostrum, only in the

**Disagreement
between
Mr. Balfour
and Mr.
Chamberlain.**

one case it is more diluted than in the other; but they differ radically as to the result they anticipate. Mr. Balfour is all for extending our foreign imports. So are we—you and I. But Mr. Chamberlain, on the other hand, is an Empire-trader pure and simple. He regards foreign

imports as an invasion, and would put a tax upon them. But it follows that it is senseless to go on exporting, because our exports must be paid for, and how can they be paid for but by this invasion of imports?

Therefore it comes to this, that both partners are Protectionists—Mr. Balfour because he wishes to extend our foreign trade, Mr. Chamberlain because he wishes to stop our foreign trade, and confine the circle of our commerce within the Empire. Thus do doctors, even in partnership, disagree. I have dwelt upon this proposal of retaliation because this, in my opinion, is the more insidious of the two policies. That is why I have given some time to it. Mr. Chamberlain's policy is the more complete and the less ambiguous. Mr. Chamberlain's policy fortunately knocks itself to pieces upon the tax upon food, which the country will never submit to. It is also abundantly clear, and has been shown again and again, that it involves the taxation of raw materials; surely the *coup de grace* is given to it when we are told that the colonies must

**The Colonies
and new
industries.**

agree not to start any new industries without our permission—a condition which would be destructive of colonial fiscal and industrial freedom, and which, therefore, brings the whole scaffolding of policy to the ground. I will not, therefore, to-night enter upon the argument as to this larger scheme, I shall pass on to other subjects upon which I have some words to say. People will say—they are, indeed, already saying—“Are you, then, satisfied with the condition of the country and with the standard of well-being among the people? Here is Mr. Chamberlain vigorously advocating Protection, and putting everything else aside for it; here is Mr. Balfour lagging, and limping lamely after him along the same path—tariffs are to them the divine remedy for the woes that afflict society. If you Liberals,” it may be said, “reject their remedy, have you any remedy of your own, or do you think no remedy is required?” I answer, “No, sir, emphatically no, we are

**Are Liberals
content?**

not content. We do not put forward Free Trade as being in itself a full remedy.” Because we are satisfied with Free Trade, and with the increase in our collective wealth that has accompanied it, it must not be thought that we are not as determined as ever to deal with the impediments to the wholesome distribution of wealth, whether they arise from bad laws, bad customs, bad institutions, bad social conditions, or from careless and extravagant administration. We are prepared to meet these so-called tariff reformers on their own ground. We charge them with being bad stewards of the industrial resources both of the nation and of the Empire. We say they have damaged the credit, diminished the trading power, and weakened the purchasing power of the people.

Take finance and expenditure. They have added 160 millions to the public debt, and 45 millions a year to our normal peace expenditure. In times of peace they keep us on a footing of war. The very taxes that Mr. Chamberlain proposes to play at pitch and toss with are war taxes, which are bound to be taken off in times of peace. The Liberal party

stands for economy. We wish to help trade by lifting the burdens which it has to carry, whereas the tariff reformers are for piling on fresh burdens. Call this a negative policy if you like, but which is the better policy—a policy that imposes fresh millions, untold millions it may be, of taxation on industry and wages, or a policy for turning some of the millions now wasted into profitable productive industry? Supposing the 45 millions of taxation, which the 45 millions of additional expenditure have necessitated, had not been imposed, every family would have had something like £5 more to spend, which is now mopped up by the State. Would not that be better for the community than the extra farthing or $2\frac{1}{2}d.$, or whatever it may have been, which the great fiscal juggler promises, if you will only allow him to tax your food? Well, here is one evil, at any rate, and there is its remedy.

But let us pass on. Protection is not confined to foreign trade and to seaports. It has its relics all over the country. Our land system is not a perfect one. It is based on privilege, and the landlords who are applauding Mr. Chamberlain and flocking to his platforms are wise in their generation, for they realise that his policy will entrench them more strongly than ever. We say that land—or rather the value that the community by its aggregation, by its industry, by its enterprise, by its public improvements has given to land—must be made to bear its fair share of the burdens now thrown upon industry. Our present land laws cause a greater drag upon trade, and are a greater peril to the standard of living, than all the tariffs of Germany and of America, and even of our own colonies. We have got to set before us, in regard to the housing question, the same ideals that Mr. Cobden had in view when he was dealing with the food of the people. We do not promise two pigs where there was only one before; we do not tell you to give up beef and take to bacon; we do not recommend a diet of untaxed maize such as is common in congested Connemara; nor, on the other hand, do we promise you untaxed houses within a few years; but we do believe that, even with a moderate application of the principle of land-value taxation something appreciable might be done to lighten the burden of house rent, to diminish the evils of crowding, and to relieve the pressure on trade and manufactures.

Well, again, if the Government are so alarmed at the prospects of trade, why have they neglected education—worse than neglected it? If I may use what perhaps you will think rather a strong word—but still I do not know any that better expresses the fact—they have bedevilled education. Well, does not this affect trade? Nothing enters more than brains into a nation's commercial standing and equipment. With regard to our foreign trade, I would say this, that if tariffs have slain their tens, a lack of proper education has slain its thousands. We have great activity just now in the higher branches of learning. New universities and technical colleges are being erected at great expense, secondary schools in all quarters of the country. Nothing better could be done,

**Land laws a
greater peril
than tariffs.**

**Foreign trade
and
education.**

the movement deserves all the support that it can gain. But there are two prime conditions to its success. The first is that the whole community should be interested and sympathetic with your system of education. And the second is that you should get for your own children a solid elementary education, without which basis all your colleges and universities will do you no good. Well, what have the Government done? They have so contrived it that half the community are suspicious and estranged from their educational system. We see, week after week and day after day, cases where some of the most law-abiding men among us are content to suffer penalties, and to submit themselves to ignominies, because they refuse to contribute to a system which hurts their consciences. Now, look you here,

The protection of sectarianism. what is this but Protection again—the protection of sectarianism, the protection of the interests of a privileged Church—(A VOICE : “Priestcraft”)—and of priestcraft, if you like? One of the first duties lying upon the Liberal party is to recreate as well as may be, after all that has happened, a really national system under full public control ; to enlarge, without regard to ecclesiastical interests, the opportunities of intellectual development.

Well, what is the next question affecting our national trade and prosperity in which the hand of the reformer is required? I say what is the next ;

Trade and the licensing laws. I might better have put it first. Is trade not injuriously affected by our licensing laws? Is drunkenness not a drag upon prosperity? But here again we find these tariffmongers among the very stoutest defenders of privilege and monopoly. Our Liberal idea is to place the power of licensing—a power which affects the daily interests and the domestic peace and comfort of the humblest classes among us—to place that in the hands of the people themselves, to be exercised with all proper consideration and avoidance of unnecessary hardship, as all Englishmen would wish it to be exercised. But the Prime Minister, who wants to retaliate upon other countries, and to do all sorts of strange things in order to raise the status of the population, is not content to leave, in this matter of licensing, even the very moderate amount of power, of popular power—if it can be called popular—which at present exists, and he has publicly announced—and even ostentatiously announced—not without an eye upon electioneering interests—that the discretion of the magistrates—not a very rash and revolutionary body after all—must be curtailed in the interest of the trade. And this is one of the purposes, no doubt, for which his moulted Ministry is to deck its feathers, and appear in the House of Commons in a month or two. This is one of the purposes for which they are to go through this performance. Now, is it not an extraordinarily enlightening coincidence that we have here, again repeated, Protection of a class and of an individual interest, at the cost and to the detriment of the public at large.

**Trade
Unionists and
Tariff
Protection.**

My last instance of the benefit of the freedom that may with advantage be given to industry, I find in the state of the law regarding combination. Mr. Chamberlain speaks with great effusiveness of his confidence in the working-man. If he and the Government he still represents are so anxious to protect the workman, it must be because they think the workman is unable to protect himself. For they have not raised a finger to restore the law to what it was intended to be when it was passed, to give the working man the power which was necessary for his own protection. They have indeed appointed a Royal Commission on which there are some excellent men ; but it is a great misfortune that no single body of organised labour thinks it consistent with its self-respect to appear before it. Then Mr. Shackleton, a man not unknown in Lancashire, brought in a Bill for legalising picketing and placing the law as it was intended to be when it was passed. They opposed that Bill. Now what do the people of this country wish to see in this matter? They do not wish to see either workman or master have any privilege the one over the other—no privilege, no immunity for the one which is not enjoyed by the other. But they do wish to see equal powers for both, and that is what we ought to secure. I see it sometimes said that it is a strange thing for a trade-unionist, who is protected by law, to oppose tariff protection. Idle indeed is the taunt. It is a mere confusion of language to use the same term of two entirely opposite things—of tariff protection, which bleeds the public for the benefit of individuals, and of trade-unionism, which seeks by combination to secure for workmen fair wages and decent conditions of employment.

**The con-
clusion of the
whole matter.**

Well, what is the conclusion of the whole matter? I have adduced a round half-dozen of lines of reform, each of which would give freer course and fresh stimulus to our national prosperity. What I would say to this nervous government, quaking for the future of our trade, is this: "These are the things ye ought to have done," and at the same time, "Leave your other things undone." But I am not sure that they have not opened this tariff crusade for the very purpose of diverting the nation's attention from their own failure to deal with these great questions, from their blunders and follies in the war, and from their extravagance in administration. You in Lancashire, at least, will know that it is not by artificial means, such as tinkering with tariffs, that your prosperity will be benefited. It is by increasing the well-being, the wealth, the intelligence, both of master and of man, of all engaged in the industries which prevail among you. You are not going to risk damage to your great industry.

**The cotton
industry.**

I have some words here which I have reserved to the very close of my remarks, in order to give more emphasis to them. They are words which were used by a friend of my own, Mr. Macara, the president of the Cotton Employers' Association. He says: "Broadly it may, I think, be taken that intelligent and fostering legislation harmonious relationship

between capital and labour, enterprise to secure a plentiful supply of raw material, energy, ability, and skill on the part of both employers and workpeople, and economy in the cost of production—these are the main factors that will enable us to continue to secure a fair share of the world's trade in cotton goods. I venture to express the opinion, at all events, that these conditions form the most secure basis any great industry could rest upon, which is dependent upon foreign trade for 80 per cent. of its employment." With these words I cease. Let these words of wisdom, of sane confidence, and of high patriotism—and, I will add, of pluck and courage—keep ringing in your ears.

Viscount Goschen

at Passmore Edwards' Hall.

16TH OCTOBER, 1903.

YOU have heard what is the title of the subject which we have met together this evening to consider, "Food Prices in relation to Poverty."

Food prices we must all consider at the present moment in connection with the proposal to place some tax on food. As Mr. Alden has explained, you whom I have the honour to address are not politicians. You are not connected with any political organisation at all. You are the workers connected with the various settlements in London, such as this and other similar institutions; and I take it that you are in close touch with a number of the poorer inhabitants of the Metropolis, I take it that you are acquainted more or less with their views, that they appeal to you sometimes for knowledge when they have difficulty in understanding the questions of the day, and that you are particularly conversant with all matters that touch their homely budgets, and the pathos of those budgets. We have heard that a halfpenny and a penny are items which are of great importance in the housewife's calculations as to her weekly subsistence and that of her family. I shall not ask you what the effect would be of any increase of the taxation on food—that is to say, how far it could be borne by the working classes—that I leave to others, more conversant with their means and capacity for bearing any additional burdens.

For myself, I say I do not come here as a politician ;
 An Analyst of Economic Facts. I do not come here with any desire to impose any political arguments upon any one here present. Nor do I come here as a professional economist? I do not come here as a professor of political economy; and it is fortunate that I do not, for it seems to me that if there is one class who are warned off this discussion it is those who have made economic progress the study of their lives. What I should wish to be able to do is to analyse some of the economic facts connected with this question. I have always rather been an analyst of economic facts than an

assimilator of any cut-and-dried doctrines of the past. I hope I do not fall under the denomination of those who are now called musty in their views. I am anxious to examine the facts. And in that spirit I have approached the subject with which we are dealing to-night. As to the range of that subject, I propose to confine myself within the scope of the subject with reference to which you have been called together—namely, the taxation of food. We are all aware of a number of other fiscal questions that are now being discussed; I must choose some other occasion for dealing with them; but I shall not shrink, when the time comes, from grappling with the great problems which are now placed before the country. But I wish it to be distinctly understood that to-night I confine myself to the subject so far as it touches the taxes on food.

Our Dependence on Oversea Food Supplies. Well, what is the situation broadly? We live in a little island of forty millions of inhabitants, dependent for nearly four-fifths of our foodstuffs upon oversea supplies. In that respect, it seems to me, that we differ from all the other countries which are continually mentioned as examples for us to follow, as examples of other fiscal methods. Let us always remember this chief principle, this one fact, which ought never to be forgotten—that we alone, of all countries that I know of, depend for four-fifths of our supply upon oversea contributions. The exact percentage is 78 per cent.; it is between four-fifths and three-quarters. Now, Germany depends only for one-third of her wheat supplies upon foreign countries, and France only for 2 per cent. We require 280 lb. weight per head of wheat to feed our population, from foreign sources. Germany requires about 85 lb. of wheat per head, though the use of rye bread makes the case of Germany less easy to understand than that of France. But France only imports 2 per cent. of the total wheat she consumes against our 78 per cent., and in many years she imports much less than 2 per cent. That is the situation of those two countries, as compared with ours; we import 78 per cent., Germany about 30 per cent., and France 2 per cent. We depend upon our oversea supplies; if those supplies fail us we know the situation in which this country would be; and therefore we, more than any other country, must look to it that the channels which bring us those supplies are kept open and free from obstruction, are well dredged if there is any symptom that they are silting up and that those supplies will not come to us.

The Price of Wheat. Now, it is a somewhat extraordinary fact that while we are not a corn-growing country, while we depend upon the foreigner and upon our Colonies for so large a proportion of our oversea supplies, the price of wheat in this country is considerably below the price of wheat in the other countries which I have mentioned. Though we have to buy, and though we cannot grow and supply ourselves, our price of wheat is infinitely below that of Germany and France. On an average of a series of years it has been about 7s. a quarter less than the price in Germany, and from 8s. to 12s.—and in one year even as much as 13s.—below the

price of wheat in France. Why is that? Because they have protection and we have freedom. And so we, with our dependence upon oversea supplies, are better off in that respect than other countries who grow their own corn themselves. One may see how, in France for instance, protection works; there, with only 2 per cent. required from foreign countries, there is a difference of from 8s. to 12s. in the price of wheat as compared with this country which has no protection. Well, that is the situation.

But we are told that we are behind the economic policy of foreign countries—that they are building and have built up a great system with more economical wisdom than we. But let us not forget that under that system, which establishes protection in this fashion, with the results that I have mentioned, the British working man can be fed more cheaply than the French or the German working man. But this is not only true as regards bread. Sugar, and many other groceries, are all infinitely cheaper in this country than they are in France and in Germany; and a French authority has lately published the fact that he has made inquiries with reference to 46 different articles of grocery, and that he has discovered and calculated that the English housewife is able to buy as much for a hundred shillings in England as the French housewife is able to buy for a hundred and thirty shillings in France; and we must be very careful before we assimilate, at all events as regards imports of food, our system to that of our Continental neighbours.

It is proposed now to put a tax upon bread. Two shillings is the *present* proposal. I accentuate the words **The Proposed Food Taxes.** present proposal. Further, it is proposed to put a tax upon meat, upon cheese and dairy produce, of 5 per cent. Now the question is raised, Will that tax be paid by the consumer or not? Upon that economists have written a good deal. I want to treat the matter from a common sense point of view. A small tax you cannot always trace in the rise and fall of the article itself, because simultaneously with the effect of the tax there are a number of other economic causes at work. In the case of corn there are drought and frost upon the one hand, and on the other hand sun and favouring rains—all these economic causes affect the world's market.

When it comes to any particular country, the burden of a particular tax which may be upon that article enters, if I may say so, into partnership with those causes which are affecting the article as a whole. If you put a tax upon any article that tax will assist, and be in alliance with, a rise—it will be a lever to increase the price; and when the price is going down, it will be a drag upon the tendency to decline and will postpone that decline. I do not know whether I have made myself clear, but it is essential that that should be understood. The imposition of a tax on wheat, for instance of a 2s. tax, even if it does not raise the price of wheat by 2s. at once, or of bread in proportion, at all events enters into the conspiracy when there are any tendencies to promote a

Sugar and
other
Groceries.

**The Proposed
Food Taxes.**

**A Lever
to increase
Prices.**

rise, and assists that rise to come about earlier than it would otherwise do.

Now I said I would deal with the matter in a common sense way. When you hear of freights being low, the community at large, except the shipowners, rejoice that their wheat will be brought cheaper, because they say that will reduce the cost. There is an outcry against railway rates, because it is said they are so heavy that they burden the cost of the article, which cannot be sold at so cheap a rate as it would otherwise be. And common sense seems to say that, whatever burden you put upon the cost of an article, sooner or later, except under exceptional circumstances, it must affect its price. There is an old story I heard many years ago of a Dutch captain who sent in an account of the expenses of his ship and himself to his owner, and in that account there was an item for a pair of blue trousers. The owner remonstrated and said, "You must cut out that item; what have I to do with your dress?" He gave in another account; the item had disappeared and the owner was content. But the captain said, "The blue trousers are there, only you cannot see them." Similarly in the case of the 1s. or 2s. which may be imposed, though you cannot exactly trace it in the rise and fall of the article, the 2s. is exercising its invisible influence all the time. It must be so; there is no doubt about it. You may doubt what the extent of the effect may be, but there it is.

The further effect I can show by a concrete instance.

Effect on the A 2s. tax means a farthing on the quatern loaf.
Price of Bread. It has been said that the bakers will not raise their price of the loaf by a farthing. Well, I am not so sure that they would not. I grant they would be in a difficulty. I believe they sell their bread generally with a difference of a half penny, and so they might have a difficulty. But if economic causes such as I have spoken of would produce a rise of 2s., then by adding 2s., which is the burden of the tax, those together would make 4s., which would give the half-penny that would justify the baker in putting up the price of his bread. So that whatever may be said, whatever may be written upon the subject, depend upon it every burden which is placed upon the production of corn will tell upon the price of bread in the end.

Here you will see how what I have ventured to put before you touches arguments which are frequently used, both on one side and the other, when the price of wheat at a given moment is pointed to, as to whether the tax has affected the price to the consumer or not. I think it was after the imposition of a shilling on wheat last year that the price rose, but it rose not by a shilling, but 3s. 6d. Nothing could be argued from that as to whether the burden had increased it to that extent, because economic causes were at work all the time, and you can never disentangle the shilling or the two-shilling duty from the other causes that are at work. Similarly, if the price had not fallen after the reduction had taken place, you would have to look at the world's market, and test the question

by the world's market, before you could say that the figures on a given day would justify any declaration as to whether the imposition of the duty had, or had not, increased the price. But, as I say, the burden is always there; it is always exercising its effects, whether you can trace it or not.

But there is a method by which you can test this question as to whether, in the long run, the consumer does Germany's or does not pay the tax, namely, the comparison of wheat Experience. prices in different countries, each of them importing from the world's market, but with different tariffs. Some very interesting facts are disclosed in this connection in the great Blue-book which has just been published. There was a time when the imports of wheat into Germany were free, when there was no tax upon them. At that time prices in Germany were below the prices in this country; and it was perfectly natural, because they were a greater corn-growing country than we were. Nature was at work, and the German prices were below ours. Then they began to impose a tax; and as this tax rose and rose there was established between us and them a difference in price, until it came to this: that our prices were 6s. 11d. on an average below the prices of German wheat, on which the duty was 7s. 2d. The duty being 7s. 2d., 6s. 11d.—or say 7s.—was represented in the price to the consumer in Germany. That is just what one would expect, and it is just what happened.

In France the same thing occurred. In France they France teaches also began with moderate duties, though in the end they the same put the duties up until they now reach 12s. 2½d.; I think lesson. that is the exact amount. It varies in different years.

The difference in price between France and ourselves has frequently been as much as 11s.; and one year, as I have stated, there was a difference of 13s. 7d., the excess of the price in France over the price in this country. You will see what that means. You will see by this how the taxation of food has affected the consumer in those countries; and if you were to look at the prices of other countries you would find it the same. It is said in this case that the amount is so small, only 2s., that it will not be paid by the consumer; but, on the whole, I think public opinion, in spite of what is said in some quarters, is tending in the direction of expecting that the consumer will have to pay the tax.

Well, then, how will these taxes affect the budget of The Working the working man? Many calculations have been made; Man's Budget. I have seen various calculations. You know the result that is attained by those who supply Mr. Chamberlain with his figures. He states that the working men would lose 16½ farthings by his proposals, but that they would gain 17 farthings—that is in the case of the agricultural labourer. I think in the case of the urban labourer his calculations balance the account. I do not mock at the farthings, because the half-pence and the farthings are an important element in the budgets of the poor. Therefore, these calculations of farthings I will not say are out of place. I have seen many counter-

calculations. I have made them myself, and there are materials in the Blue-book for making them. The calculations can be made almost arithmetically. The closest calculations that I have seen, the best calculation, comes out at a loss to the working man, not of $16\frac{1}{2}$, but of 19 farthings, while the gain by the proposed remissions is not 17, but 15 farthings. The result is a loss of one penny a week to what the Blue-book calls the typical or normal labourer's, or urban worker's, family. It comes in that way to a loss of one penny a week—one penny a week *after* the remissions have been made. But observe, without those remissions, the loss would be $4\frac{3}{4}$ d.—in round figures, 5d. a week.

But now, in regard to these remissions. The remissions, as you will remember, are on sugar and tea. Their amount is easily calculated, and it does not come out so favourably as has been stated by Mr. Chamberlain. But they are there, and I want to ask you whether the remission of taxation on sugar and tea counterbalances a tax imposed on meat, and especially on bread. I hold that it does not. One is more the staff of life than the other. Existence can be prolonged on bread ; it cannot be prolonged upon tea and sugar. I should desire that the taxation upon tea should be reduced as far as it can be, because one knows its comfort. It is not the same absolute necessary, however—it is not the necessary of life that bread is ; and there may be—you know better than I do—there may be families on the verge of starvation, or something like it, who could afford to give up some tea, and especially some sugar, valuable as it is to them in every possible respect, but who cannot give up bread. Therefore, it seems to me, that such a tax of 2s., with taxation imposed upon meat, dairy produce, cheese, butter, and other things, is not compensated for by the taxation which is to be taken off.

But now let us consider another point. Is it quite fair to take the taxes on tea and sugar at their present rate as a set-off against the new tax, which is to be imposed upon bread and other foodstuffs? Is it not possible that there is a claim for some reduction on those articles, outside all this bargaining, between the Chancellor of the Exchequer and the nation, for putting on one set of taxes and taking off another? Is it quite fair? The one you have not got ; you have not got a tax upon food. But the others are there ; and there certainly is, and always will be, an expectation that a portion of those taxes, at all events, would be remitted in any case as soon as there is a surplus available. Mr. Austen Chamberlain, the new Chancellor of the Exchequer, whom I wish thoroughly well—he served under me at the Admiralty, and I admired his great ability and industry—Mr. Austen Chamberlain replied to Mr. Ritchie, who had pointed to this argument, that the taxes were war taxes and ought to be taken off in any case. He said, “But the income-tax payers have a claim.” Certainly they have a claim ; but they have not an exclusive claim. I do not believe, when it comes to the point, that this Government, or any Government, would propose a large reduction of the income-tax without beginning to take

off some of the taxes put upon tea and sugar specially for the war. I do not think it would be done.

Now consider the position, the very embarrassing position, in which the present Chancellor of the Budget Problems. Exchequer is placed. It is well known that this new plan—with its impositions and remissions—cannot come on for some years. We have been informed by Mr. Gerald Balfour that it will first be necessary to have a general election upon the plan of the Prime Minister, and then a general election later on upon the food problem. Now, I ask, what is going to become of these unfortunate taxes upon tea and sugar in the meanwhile? Are they to be kept on with a view to this distant operation, that may take three or four years to come into force? If there is a surplus ought not that surplus to be dealt with, as any surplus always has been, with respect to the circumstances of the moment, and the exigencies and claims of the various classes?

It is impossible—I am sure the present Chancellor of the Budget Position. his Budget and to say, “I will keep on these taxes because I shall want them by-and-by for the great plan.” If, in a year, or two years, the reduction of expenses or the expansion of revenue should place the Chancellor of the Exchequer in the happy position of being able to make remissions on taxation, I recommend him not to think of the plan which has just appeared above the horizon, but to think of the claims of the masses to such remissions as they would have had, if no plan were proposed at all. I have said distinctly that the Chancellor of the Exchequer is put in an embarrassing position; every Chancellor of the Exchequer is in an embarrassing position if there are pledges given as to a future Budget. There is nothing which is more embarrassing.

Then there is this further point. This remission which is proposed rests upon, if I may say so, a kind of A Double Bargain. double bargain. One is a bargain with the people. “We are putting a food tax on, while at the same time we are taking taxes off”; and the other bargain is with the Colonies. “We are putting on a food tax on the strength of your giving us certain preferences.” That is a double bargain; and here comes a great objection which I have to this taxation. You cannot take it off afterwards without going to the Colonies and asking their leave, because you have induced them to change their tariffs, you have asked them for preferences. Perhaps—perhaps not—they will have granted you those preferences. Certain industries will have been strengthened, vested interests will have grown up, and it will be said, “You cannot touch that taxation which you have put upon the food of the people.” And so the Chancellor of the Exchequer, who may desire to obey some cry of the people which may arise—that bread has become dearer and we must have these taxes off—will have to stand up in Parliament and say, “I will consult the Colonial Premiers, and they shall tell you whether it shall be taken off.”

And he has his bargain also with the people—with the working classes. Some future Chancellor of the Exchequer who has to carry out the proposals may have to say :—"I have taken off these duties, but I am sorry to say that the nation again requires further expenditure. I have raised all I can by other means, and I must reimpose a portion of the tea and the sugar duties." "Well," the answer would be, "they were taken off because we are paying more for our bread." The exigencies of the country must go before a bargain of that kind ; but I am afraid those who introduce such a fiscal bargain will run the risk, perhaps unfairly, of being charged with having made a bargain which afterwards they could not carry out. What is the moral? The moral is this—that in your taxes you must be free, you must not hang chains round the Chancellor of the Exchequer, you must not tie him up with bargains either with the Colonies or with foreign countries. From year to year you must know what is best and fairest for the nation in the taxes which you impose.

There is one more point, if you will allow me to deal with it, and that is the question of what I would call the inclined plane—the question of whether, when you have imposed 2s., you are likely or not likely to increase that. A year ago a shilling duty was imposed. It was a very small duty. Some of us defended it. I defended it myself. I asked myself, "Is there a whiff of protection about it?" I said, "No, I don't see it." It was proposed by Sir Michael Hicks Beach, whom I knew to be a thorough free-trader, who would not lend himself to protection. But I was wrong. I see now that the consent to that shilling did weaken the position, and assisted in familiarising the people with the idea of reimposing it in the form of a 2s. tax. I see now there was a danger ; it was foretold at the time, and it has come. I would ask—"Can Mr. Chamberlain, or any man, or any powerful group of men, guarantee in any way that the 2s. duty will satisfy the Colonies, or will it satisfy those strong forces that are supporting them now?"

I believe Mr. Chamberlain to be absolutely honest in his intention that the 2s. will be final, and that he would be very sorry indeed to see a greater burden than that placed on the working man. But will that "do the trick"—if I may use the expression—will it satisfy the Colonies? When they have got a 2s. duty, will they come to us and say, "It is not quite enough, you cannot point out to us that this 2s. has exactly increased the price of bread, and we think you might give us another 1s. or 2s." And if you cannot agree with the Colonies there will be friction, and the Empire might again be in danger. And if "the Empire in danger" has secured 2s., is it not a possibility that "the Empire still in danger" might secure more? The company which Mr. Chamberlain is keeping now is not entirely pure as regards this matter. There are Protectionists who have openly avowed their desire for a 5s. duty on corn, and they are consistent, because a 5s. duty on corn might—while it would be an intolerable

burden, in my view—might secure some of the objects held out; it might do something to help agriculture in this country, while a 2s. duty would not have that effect.

I have spoken to you of the inclined plane. We have got examples of the inclined plane in France. The **Example of France and Germany.** duties in France began with 1s. in 1883 and 1884. In 1885 the tax went up to 5s. 3d. The agriculturists were not satisfied. In 1887 the tax went up to 8s. 9½d., and in 1897 it went up to 12s. 2½d. That is the inclined plane in France, and that in a country which was only importing wheat to an extent under 2 per cent. They began with 1s., and they have ended with 12s. In the case of Germany they began with nothing. Then their prices were the same as ours. They started at first with 2s. 2½d.; in 1883 they went up to 6s. 6½d.; two years afterwards they went up to 10s. 10½d. Three years after, a certain reaction seems to have set in; and they have shut down now at 7s. 7½d. You will see that these things happen in the countries which are held up to us as guides in fiscal and economic administration. They are represented to be almost a kind of fiscal and economic Garden of Eden. Every speaker, in certain directions, points to the example of Germany and France, as if their economics are the economics that ought to be followed—as if these countries are the repositories of fiscal wisdom.

Well, if they are so wise as regards a certain portion of their plan, how can we reject their wisdom in another **Think twice—perhaps three times.** —how can we say, in respect of their fiscal architecture, that we only agree with their façade, but entirely reject the other parts of their system? We must look at their system as a whole, and the workman will be bound to see the extra cost in protectionist countries of his food supplies, which you have been asked to consider to-night. And do not run away with the idea that this greater cost of food is compensated for by higher wages. No, the wages of the workman in Germany, according to the Blue-book, are 20 per cent. lower than the wages in this country; and, therefore, in this fiscal paradise, the German workman pays more for his food and gets much less for his work. Before the people of this country consent to accept a fiscal policy under which this has been developed they will, I think, consider twice, and perhaps three times.

I have dealt with what is a somewhat technical, **An Incidental Point.** difficult, and complicated question; but there are simple issues underlying it which I wish you to take to heart. One is that the burden will fall upon the workman in one form or another. And here I will mention what you will be surprised to learn—that the proposed duty of 2s. is more than the present freight on a quarter of corn from New York to Liverpool. From New York to Liverpool during the last two years the freight has been 1s. a quarter, and in the year before it was about 2s. a quarter. Therefore the imposition of this tax is more than double the cost of bringing

wheat from New York to Liverpool. It is an interesting and rather significant point. I interrupted my argument to mention it.

What you are now to consider is the simple question:—

The Questions for Consideration. Do you believe that the case is made out that the consumer will, whatever exceptional circumstances may sometimes arise, pay the tax in the long run? If so, will the taxation of which, should there be no remissions, the burden would amount to $4\frac{3}{4}$ d. or 5d. a week, be easily borne by the working classes? Do you believe that the remissions which are proposed, and which are less than that sum, are certain to come, or that they can be withheld for the consummation of the plan? And do you think that it is right that the country should be tied in this way by taxes for the withdrawal of which you require the consent of other countries? These are the questions that I recommend you to put to those with whom you come in contact, not in a controversial spirit, but with a simple desire to arrive at the facts. It is not necessary to talk of systems, but to look facts in the face, and see whether the proposals for a tax on food products are likely to redound to the prosperity of the masses of this country.

Mr. Morley at Manchester.

19TH OCTOBER, 1903.

I THANK you for the warm greeting that you have given me, and I cannot attempt to find words to tell you how much your welcome stirs me. We are not, I suppose, all here Lancashire men, but many of us are of Lancashire, and you have done me the honour to give me a truly Lancashire welcome. I am not at all sure, judging from the language of some organs in the daily press and from the language of some important statesmen, that I ought not to begin by an apology for speaking to you in the "Free Trade" Hall. I make no apology. Nothing will persuade me that Lancashire is going to be in a hurry to change the name of the Free Trade Hall to Protection Hall, or to New Corn Law Hall. Let us see where we are.

There is a great scene in a famous English comedy, in which a rake and a spendthrift put up for sale the family portraits, the portraits of their ancestors. We are asked now in this new campaign to put up Cobden, Bright, Peel, Gladstone—to put them all up in a very cheap market. "Away," they say, "with our ancestors." But what of our contemporaries? Every single man who has ever carried the seals and worn the gown of the Chancellor of the Exchequer, who is now living—Sir William Harcourt, Lord Goschen, Sir Michael Beach, and, not least nor least courageous, Mr. Ritchie,—every one of these experienced and authoritative men takes the same view that our ancestors took. So they say, "Well then, away with our ancestors, and away with our contemporaries." Then a question arises of what practical men say upon this new issue. There is my friend Sir James Kitson. There is a man like Mr. Hugh Bell, of a great iron firm, and they all come forward and denounce this new policy. But then they are rough practical men; they don't take broad views—they have no power of generalisation. But if they despair of the authority of Sir James Kitson, there are fourteen professors of political economy. Yet they are dismissed quite as rapidly as the practical men. You are

told that they are professors and theorists ; they don't touch the root of the matter. There is no pleasing them.

Then they say, "Ah, but in the presence of the new phenomena, you want a fresh mind." And where do you get the fresh mind? By digging down into the times and the laws and the Corn Laws of Lord Sidmouth, Lord Eldon, and the Duke of Wellington. **Weight of Experience against the Proposals.** They may talk of fresh minds ; but I do not hesitate to say that the whole weight of experience and responsible authority of all kinds—theoretic and practical—the whole weight is against these new proposals. Now I wish that here to-night, instead of me, you had my friend Lord Goschen. Lord Goschen the other night made a most powerful argument—a most powerful and conclusive argument—against these new proposals. I wish we had him here to-night. And I see around me here many Liberal friends of mine between whom and me there was some difference of opinion—great difference of opinion—on some events within the last four years. But to-night we are all of one mind, and I wonder whether the time is not rather rapidly approaching when we shall meet on a common platform, on behalf of a great common interest and a great national cause—whether we shall not meet some of those who hitherto have on great issues been opposed to us. I think I see one hon. friend of mine upon this platform to-night who has, I think, sat opposite to me much of his time—an Irish member—who very often gave me a great deal of trouble, and I am glad to think that I often, in return, gave him a great deal.

But it seems to me perfectly certain,—without at all saying what should be the right line of tactics in given localities, those tactics must be settled in the localities themselves,—I for one should regret if we Free Traders, whether Liberal or Conservative, do not somehow or other come together and resist this crude, this raw, this unthought-out set of proposals. It is said : "Oh, you are making too much fuss ; the only thing that is proposed is a 2s. duty on corn and a 5 per cent. duty on meat." But I am very much afraid of this shy, insinuating infant—of this 2s. duty on corn. They had that sort of progeny in Germany. **What happened in France and Germany.** They started with a 2s. duty on corn, as we are invited to do, and they find themselves landed, I think, to-day in a 7s. 7d. duty. In France they started—and I do beg of you Lancashire people (for I am not speaking, in this part of what I am saying, as a party man) to look at this—with a 1s. 11d. duty per quarter. It is now 12s. So this little, shy, insinuating duty which some of our friends want to attract you to, depend upon it, this curly-locked infant will grow up to be, if you do not prevent it, the same hoary and ugly creature whose grave Cobden and Bright, very much on the spot where I am now standing, dug, as they thought, a great many years ago.

Therefore do not let us be too easily taken in, and I for one offer no apology for Cobden and Bright in this hall. **Work of Cobden and Bright.** Don't let us be in a hurry to send our ancestors to the hammer. When I recall what those two men,

Cobden and Bright, whom we cannot but think of in this hall, did ; when I remember how right they were ; how they procured the repeal of the Corn Laws ; how Cobden, further than that, procured the ratification and passing of the French treaty, which increased your trade and the trade of this country by an enormous amount ; when I think how right they were upon the Crimean War ; when I think how right they were upon the American Civil War ; am I going to apologise for them ? No, I will not apologise for them, and I will say here, what I have said again and again in print, that no man ever had a surer vision of the needs of his country, in the times and circumstances in which he found it, than Richard Cobden.

Well, they call us Cobdenites. For my part I never call myself by any name ; and as for the names that other people call me oy, why, I don't care two straws. Doctrinaire ! Utopian ! Pessimist ! Who is the pessimist to-day ? I never said that if we did not give the Colonies this or that preference they would break away. Little Englander as I am wrongly supposed to be, I never said—Jeremiah though they call me—that our trade and industry were going to be demolished. On the contrary, I have always said this, that if you take the right steps—and by the right steps I mean avoiding a Jingo policy—if you do that, you are all right. I am no pessimist. We have been called, most of us on this platform—some have managed to save themselves a little—the friends of every country but our own.

Well, but then our teachers, our pastors and masters, now tell us that all countries are wise except ours. I don't believe it. I am not a Little Englander, but I am an Old Englander, and old England knew very well what she was about. I do not lay down the law for any other country, but this I do say, that Great Britain—because I am a Scottish member—Great Britain knew very well what she was about sixty years ago when she said for us—(who cannot have a great prairie like the United States ; we have the Atlantic Ocean ; convert the Atlantic Ocean into prairie, and we can argue on a different basis)—“With our conditions, with our terms, we are bound to adopt the principle of Free Trade.” That is the point of view from which I approach this whole matter. I do not believe that other countries are wiser for us than we are for ourselves. They are wise for themselves. I have said too much. They think they are wise for themselves, as we think we are for ourselves, and as I hope we shall continue to think.

Now, what does all this start from ? It is said that Free Trade has been a failure. Well, has it ? I passed the first twenty years of my life in the town of Blackburn, not so very far from here. My father was a doctor there, and doctors have very good opportunities of knowing the social conditions of the people ; and when I think what that great cotton town was when I was a boy, and when I was a young man, and think what it is now, I feel that to talk of the failure of Free Trade is absurd ; and I am not going to argue that with you out of Blue-books, or out of

text-books on political economy. I say that to anyone who remembers what Lancashire was like before Free Trade came in, such talk is idiotic. Well, I won't advise them to read Blue-books, because that is rather laborious. Those who take this view, that England, in consequence of Free Trade, is going to smash, are not very fond of reading Blue-books. I will give them two novels to read. They should read Disraeli's "Sybil," and Mrs. Gaskell's novel called "North and South," and they will find out from those two most interesting and agreeable works of fiction the true facts about the condition of Lancashire before 1846.

Now, what is the good of arguing that Free Trade—
Free Imports Free Trade, forsooth! has brought all kinds of mischief
and upon Lancashire. They say—and when I say "they"
Agriculture. say, I mean somebody says—"Free imports have destroyed
 agriculture. Agriculture as the greatest of all trades and
 industries in this country has been practically destroyed." It is not in
 the least true. Nobody denies that there has been a fall in the rents of
 the landlords. Perhaps it was about time. A friend of mine who owns
 land in several counties, and has a thorough knowledge and experience
 of the whole of our land system, says, that after the first shock of Free
 Trade legislation in 1846 no doubt rents fell, and there was depression.
 But in the seventies farming was a most profitable occupation.

And I said, "Well, what about to-day?" He said,
Present Day "Well, to-day I would say this about this industry"
Farmers. which, forsooth, we are told is destroyed:—"There are
 three kinds of farmers. There is the man who has no
 skill and no enterprise, and who does not trouble himself about new
 appliances—he goes to the wall. There is the man whom we all know,
 perhaps whom many of us resemble—the 'middling' man. Well, he just
 manages to keep his head above water. But then there is the third class
 —the skilful man, the intelligent man, the wideawake man," and my
 friend said, "He, in my opinion, can and does make a very fair return
 upon the capital that he invests in his occupation." Then don't let us
 hear any more of the charge that Free Trade has ruined agriculture.

Let us look at this point one moment more, for this
Agricultural was the topic that was so much discussed and agitated in
Labour. this hall, or in the hall which this edifice represents. Do
 our friends want to bring agriculture back to the condition
 that it was in before Free Trade? Well, I think not. And when they
 say agriculture has been destroyed, they don't know what they are talking
 about, either as to the fact or as to the new condition of things which,
 under Free Trade, replaced the old condition of things. The position
 of the tenant farmer in those days was fluctuating and hazardous, and as
 for the labourer, whom we are bound to think much about—these are
 the words of John Bright: "Competition for the little employment to be
 had brought down wages to the very lowest point at which their lives
 could be kept in them. They were heart-broken, spirit-broken,
 despairing men." That was the state of the agricultural occupation be-
 fore Free Trade. And what sort of sense is there in their telling
 us now that what they call the effect of Free Trade has ruined

and destroyed the agricultural industry? It has done nothing of the kind. It has enabled the farmer to hold his head up, and the labourer to occupy a completely different position from that which he held before Free Trade.

You hear a great deal about political economy, and you are bound to hear a great deal about it. Now, I myself, I must tell you, am not a hardened and convicted political economist. A great friend of mine, a long time ago, who was himself an economist of great distinction, said: "Do you know, I really don't believe that anybody is sorry when he hears of the death of a political economist." I could only reply that everybody would be sorry when they heard of his death. I don't believe—and you will allow me to say it, though it is a little abstract—I don't believe that in the region of economics there are absolute truths—independent, absolute truths; independent of social conditions, of historic antecedents, of political circumstances. I don't believe it. I have never taken that view. I don't think Mr. Bright would have agreed with me. I am not sure that he did not take a very absolute view of the truths of political economy. Cobden, I think, who had a very subtle and versatile mind—I think he might have accepted the position that the truths of political economy are not absolute. You will forgive this professional language, but I may tell you this, I am sick of it when I hear men who ought to know better talking of "worn-out gospels" and "antiquated prejudices"—the worn-out gospels and antiquated prejudices of Free Trade.

You need not be an absolute economist to feel that. You need not be an absolute economist to believe in what was done in 1846, and what has been done ever since by our fiscal policy, and what I hope and trust and believe will be done in our fiscal policy for a generation to come or more. Let us ask our friends whether they regret that the labourer is better off now than he was then—whether they regret the cheap bread given to those manufacturing towns in Lancashire? Where was it that the country went wrong? Let us have an answer to that. Let us have real chapter and verse; do not let us have a lot of this clap-trap—because clap-trap it is. Do not let us have all this clap-trap about Cobdenism. I say I do not like nicknames and labels—other people do because it saves them the trouble of thinking, and they call a man a Cobdenite, or a Puseyite, or whatever they like; let them tell us where the mistake was made in 1846. Not only Cobden, mark you, but Sir Robert Peel, Mr. Gladstone, ay, and Mr. Disraeli—all the English statesmen and the whole English public accepted the Free Trade doctrine, and wisely.

Now I am going to take you through three or four figures—I won't over-labour it; they are not new figures, but they are figures, as I gather, which even men who ought to know better keep ignoring. They say, "Oh, our trade is declining; it is stagnant," and so forth. Now, I say, you who talk about this in your mills and warehouses, you ask your mates questions of this kind—Is it true that between 1868 and 1901

**Economic
Truths not
Absolute.**

**Where did
we go
Wrong?**

**A Batch of
Questions.**

the gross income-tax assessments rose from 398 millions to 866 millions? Is it true, or is it a lie, that the income-tax assessments under schedule D, which interests mournfully some of us, went up from 178 million pounds to 487 millions? Is it true that between 1861 and 1902 the Savings Banks deposits went up from 41 million pounds to 197 million pounds? I know they say, "Oh, you go to great audiences and trot out figures." Yes, we do trot out figures. There is nothing like figures for bringing an argument to book. And I will give you one or two more. Is it true that in the same period British shipping—as to which I fancy something may be heard to-morrow in a city that I once knew very well—rose from four million tons to ten million tons?

Again, is it true that the average price of food—I do
Food and not mean truffles, but things that you eat, and that they
Wages eat at Blackburn and Darwen and these places that I know;—is it true that the average price of food and necessaries in the last twenty-five years has fallen 30 per cent.? And is it true that wages have risen 15 per cent.? And is it true that the working men of Lancashire are likely to throw overboard a system which has lowered the price of their necessaries by 30 per cent. and increased their power of buying them by 15 per cent.? If all this is true, all I can say is that you are much less shrewd than you used to be when I was brought up amongst you, and you are much less shrewd than I still retain the faculty of being to-day, if you believe that Free Trade has ruined the country. Was the policy in 1846, so far as you now can see, in reference to agriculture, in reference to your own industries, was it a mistake or not? If it is an open question, then those who contend it was a mistake, let them prove that they have got a better remedy in their wallet. Let them prove it was a great mistake to substitute a big loaf for a little one. Let them prove their case; the onus of the proof lies upon them. But they will find some difficulty, I fancy, in getting a really responsible and experienced speaker to come here and say it.

In the meantime, so that you should not be in a panic,
Home and let us see what is said by a most responsible official. I am
Foreign going a little wide now of our Lancashire case: "There
Trade. is no question of the displacement of home manufactures in the United Kingdom through an increase of imports from France. There is no material displacement of home manufactures in the home market by Germany." This is an official statement, mind you, not mine. "In the case of the United States imports have increased, but there is nothing to indicate displacement of British trade at home." One more, and it is all I am going to trouble you with. "Figures of export trade do not show any displacement of the export trade of the United Kingdom, in the years from 1884 to 1898, by our three principal competitors."

I need not labour all this, because Mr. Balfour himself, the Prime Minister, declares that, "judged by all available tests, both the total wealth and the diffused well-being of the country are greater than they have ever been. We are not only rich"—do bear these words in mind; they are

**Increased
Wealth of the
Country.**

not party words ; they are the words of the Prime Minister himself :—
 “We are not only rich and prosperous in appearance, but also, I believe, in reality. I cannot find any evidence that we are living on our capital, though in some respects we may be investing it badly. Why then, it is asked, do we trouble ourselves to disturb a system which has been so fruitful in happy results?” Yes, why? Why? Now, I do not mean to say for a moment that everything is as we would like to have it. The best of all possible worlds this is not. But I will tell you what my position is. If there are—as I hope there are, and will be in a larger degree by-and-bye, when a more important person than I am comes here—if there are supporters of the present Government, Unionists and Conservatives, here, let them listen to this, because I take the position of Lord Salisbury.

**The Late
Lord
Salisbury's
Attitude.**

Lord Salisbury—I said it often when he was alive, and I now say it when he is unfortunately gone,—Lord Salisbury was a very great man ; he had a great sagacity, and, though some unfortunate incidents may be associated with his tenure of power, he had the faculty of looking at things for himself, and he was not afraid. Now, what did Lord Salisbury say? My Conservative friends at all events would like to hear. He said :—

“These things”—after enumerating certain industrial difficulties—“these things give us great anxiety ; but I think one of the acutest portions of our anxiety lies in this, that in their ignorance, and misled by men who, though honest, are mistaken, they cry for remedies which are no remedies at all, and we know perfectly well that if we helped them to obtain these remedies they would plunge them into far deeper miseries than before. We have a narrow path to tread. On the one side we must avoid that dangerous path which would attempt to cure the suffering of the people by simply ignoring it. On the other hand we must shun a far more dangerous wandering into economic error, which will plunge the whole country into irreparable disaster.”

If I were going to fight an election to-morrow, whether as a Liberal or as a Unionist Free Trader, I would put that on every wall. I agree that there is cause for anxiety, but I will not on that account commit myself to the first remedy that is crudely, rashly, wantonly flung down, and say “That will save us.”

**New
Conditions.**

They say, “Oh, well, but you forget the new condition of things that has arisen since in your Free Trade Hall at Manchester all these views were first being promulgated.” No, I think not. What Cobden would have said if he had lived to see the tremendous shrinkage caused by the development of the forces of steam and electricity ; whether if he could have lived to see how capital practically now moves rapidly from place to place, across leagues of ocean ; whether if he had seen Japan, for example, coming into the field, he would have felt that there was no other method of dealing with these new phenomena, I do not know. But of this I am perfectly sure. He would have said, in spite of Japan, in spite of the shrinkage of the world by the forces of steam and electricity, that for us in England free imports are the true key and only key to national prosperity. I don't know, but I should think it very likely, that he might not have promised such advances in prosperity in

the next sixty years as have taken place in the last sixty years. That is another question. But, I repeat, it is for those who want to overthrow this proved, this tried system, which has gone through the ordeal—it is for them to prove the case, and to show that the remedies they propose are remedies that will guarantee us against all the tidal forces that any man with an observant eye can see surging back and forth in the economic world.

The nation may play a good many tricks in politics. **Importance of the Issue.** It may meddle with institutions. It may alter the franchise—though we have not altered ours half enough. It may do a great many things. But, if you meddle wrongly with economic things, be very sure you are then going to the very life, to the heart, to the core of your national existence. No step ought to be taken in that direction without the most careful, the most conscientious, the most anxious inquiry. Why, how long did Cobden and Bright take? It seems an odd thing. They started, if I remember, the Anti-Corn-Law League about the year 1838 or 1839, and it took them five or six or seven years to abolish the Corn Laws. Yet we are asked now to throw their work over right away. Perhaps we may have two elections on it. I don't think so; I think we shall have one. I think one will be quite enough.

But Mr. Balfour says, "I want to regain our liberty." **Will Fetters provide Liberty?** He comes to me and says, "I want to regain your liberty," and he takes me to an old chest full of handcuffs and shackles and fetters—duties here, duties there, retaliation, preferences. Is that regaining my liberty, to offer me a choice of what particular handcuff, what particular manacle, fetter, or shackle I will have? I cannot understand anything more utterly absurd. As Lord Goschen pointed out the other night, what sort of liberty is going to be left to the Chancellor of the Exchequer, when he is framing his scheme which is to regulate how much you and I have to pay in taxes, if he has got arrangements with the Colonies from which he cannot depart? What sort of liberty is regained by our Chancellor of the Exchequer?

They talk of "dumping." There is no dumping which **The Worst Kind of Dumping.** can be so deadly for you in Lancashire as dumping a Custom-house officer on your shores. That is the dumping that you and I to-night, if I may gather from your temper, mean to resist. It does not matter so much about me, but it matters a great deal whether you in Lancashire can see that planting a Custom-house officer is in itself an obstacle. What is the good of your building the Manchester Ship Canal if you set to work immediately to build up obstacles against the use of it?

I am going now to put an economic question to you, **A Deadly Blow to All.** which you can all answer for yourselves in a very short time. You all have, I am quite sure, gone through examinations in catechisms. Now let us see: If you tax food, and tax imported iron and steel, you increase the cost of production. Will the increased cost of production help you, or will it

handicap you in the industries of the world? Now this comes home to many of you, I am sure; because I know, to-night, I am addressing a very varied audience—employers, even bankers, merchants, operatives, doctors, small shopkeepers and large shopkeepers. I tell you that those proposals will deal a deadly blow to every man of you. I do not care what you are—it will do you a deadly mischief.

But now I will go on with my catechism—and this is really the root of the thing. If you make a workman pay more for his food, do you not lessen his power of buying other things? And if you lessen his power of buying other things, don't you put back the trade that produces these things? And don't you lower the wages of the people who produce them? Come, if we are talking about these things, let us talk seriously, not with bogus figures. Surely it is common sense—I am almost ashamed at this time of day, and in this place of all places in the world, to be going on at this rate; but it is necessary, apparently—if you cripple and narrow the working man's ability in consumption, don't you put trade back and wages down.

I saw a good illustration in the newspaper the other day, from a member of Parliament who happens to have come from the same illustrious town in which I first saw the light—Mr. Whiteley. He put it in this way: If every man should buy an extra woollen vest, if every woman should buy an extra cotton blouse, if every child should wear an extra pair of stockings or socks, the demand from all these millions—male, female, and infantile—would be so enormous that the whole of your plant would not be able to cope with it. You tax the food. You make a man pay so much more for his bread, and I do not think he is going to be put off with cheap tea and sugar if he has got dear bread. I am very fond of tea; I am not fond of sugar; but I do not believe that a man in one of these manufacturing towns is going to be content to pay more for his bread because he can get his tea and sugar somewhat cheaper. And the food taxes, recollect, will just make all the difference in his power of purchasing blouses, stockings, woollen vests—just make all the difference.

Now think that out. But before I leave it I will read some words of Mr. Bright's which put the case in a nutshell, and I beg you to remember them. He said this :—

“The Corn Laws”—(and this is every bit as true of the new Corn Law which you are going to be asked to vote for as it was of that old hoary Corn Law)—“by preventing imports of corn, take from the people so much of their earnings as to leave them without the means of keeping up their usual consumption of such articles of clothing, furniture, &c., as they require, and by the making of which millions of people are profitably employed and paid and earn a livelihood. And thus, when the general demand for these articles falls off, and men are without employment, distress is brought upon large masses of the people. The home trade, or the demand for home productions, is thus seriously injured, and while this process is going on, the Corn Law” (the new as well as the old) “is also preventing the extension of the foreign trade by raising up high duties abroad, and by diminishing the home consumption of foreign commodities.”

**Canadian
Prime
Minister's
Opinion.**

But there is not only Mr. Bright, who has been thirteen or fourteen years gone, but that eminent man Sir Wilfrid Laurier. He is not an antiquated shibboleth; he is not a pedant; he is a statesman of no ordinary calibre. He said:—"If Great Britain abandons her Free Trade record, she will inevitably curtail the purchasing power of her people." You have had it from an old Free Trader; you have had it from Sir Wilfrid Laurier, who is not entirely a Free Trader; and they both agree that, if you abandon Free Trade, you will limit the purchasing power of your people. One little question, by-the-way, I would like to put. What about the farmers? How, in the long run, are you going to benefit the farmers by limiting the purchasing power of their customers? And how are you going to benefit the farmers by stimulating, out of your own pockets, the energy of colonial farming competitors? It is a farce. Of course the subject is tremendously interesting. It may not be interesting to listen to now; but will it not be very interesting hereafter, when you find the bread and meat in your cupboard and pantry are much less than they were, and your wages probably somewhat lower?

**The Cloud over
the Cotton
Trade.** Now, no doubt, Lancashire has had and is now having a difficult time—a difficult and a cloudy time. But will anybody in this hall, or out of this hall, tell me that that cloud over the great cotton industry is due to Free Trade? Why, I see around me men who know all about this thing, and not one will say it is due to Free Trade. It is due to various doings in the United States. Somebody will come here and say, "You are having bad times, and it is all owing to Free Trade." That is the greatest nonsense in the world. I put this question to you, and I ask you to think it out for yourselves. When proposals are made for preferential tariffs with our own Colonies, you answer with this, "What will these preferential tariffs do for us in Lancashire?" It is perfectly well known—I pass no judgment upon them—it is perfectly well known that the Canadian manufacturers of cotton will not consent to the opening of any effective British competition. Now, when folk talk about unity of Empire and all these things, remember the Canadians have said it; there is no secret about it—they will not admit effective British competition with Canadian cotton manufacture.

**Protection
means
Restriction.** Well, but then another proposal is that of increasing the import duties on manufactured products. I am talking about these things in detail, because detail is the needful thing. Upon that I will only make one remark.

Unless the price of cotton goods is raised—I am talking now of putting an import duty upon manufactured products—unless the home price is raised, how much better will my cotton-spinning and cotton-weaving friends around me be? They will be no better unless the price is raised. But suppose the price of raw material is raised. Then how will my friends figure in the neutral markets of the world? I will not labour these matters, but be kind enough to think about them. I understand, and I have always understood, that as a whole the wages

in the cotton industry are certainly as regular, and I would even say, from my own observation and from what I am told, more regular than those in any other industry in the country. And why? Because though your production is immense, the markets are not often glutted, because you cater for the world, and are not restricted by Protection. Protection is a very nice word, but Protection means restriction. Do not forget that. And you know what restriction means in all its aspects.

Now I am tempted, by seeing on this platform Sir The Iron and James Kitson, to say a word outside cotton—about iron Steel Industry. and steel. Sir James said the other day at Leeds, and another member interested in iron and steel said very much the same thing—I hope he will forgive me for putting it plainly—“We are all right. We do not want the Customs officer dumped upon us.” I think it is very honourable to them to have said it. I remember in old days, when I knew Lancashire better than I know it now, an ordinary cotton manufacturer would rather die than allow that trade was good. I honour gentlemen like my friend Sir James Kitson, who come out and say their trade is not very bad after all.

But our opponents say dumping is ruining iron Rise in Price and steel. My attention has been drawn to one or of Shares. two little figures in the iron and steel companies in the year 1902, and I find in one of them that a £5 share has risen to £13; in another company, which I do not name, though I have the name, a £1 share has risen to £2 16s.; in a third a £1 share has, in spite of dumping, risen to £3 2s. 6d.; and here is a glorious company—I wish I had known of it—in which a £7 10s. share has gone up to £34 10s., in spite of dumping. I only mention these things. When you see in your newspapers and when you hear from important men, when you hear facts—no, I won't say facts, when you hear statements—about dumping, and the decline of great industries, and so on, just think of the little figures I have been giving to you. And when you hear of dumping, just be quite sure that in any given case where you hear of somebody ruined by dumping that he was not ruined by something else—either by his own want of enterprise, or to be charitable, bad luck.

There are other points of greatest importance, and one Retaliation of them is retaliation. Well, retaliation is a very a Dangerous dangerous game. I observe that when the late Chancellor Game. of the Exchequer (Mr. Ritchie)—a man whose courage, I think, only can be estimated by those who have been in office, and know what it is to part violently from your comrades and your colleagues—talked about American retaliation the other night, his audience broke out against him—just like an audience I remember at St. James's Hall in Manchester. Well, are we going to thrash out this tremendous issue openly, fairly and thoroughly, or are we going to be bullied about American competition? I, for one, cannot consent to be one of a flock of ostriches, with their heads buried deep in the sand, nor one of a flock of a more amiable and familiar bird, the

blinking owl. And suppose the Americans—they are our kinsfolk, they are like us, in diplomacy they are not always angelic—and suppose, in indignation at your retaliation policy, they put a farthing or a halfpenny a pound upon your raw cotton—where is Lancashire? It may be that in due time it will be different. But don't let us go into this commercial retaliation as we went the other day into a war, without calculation, without counting risks and possibilities. This is most disagreeable ground to tread upon, but in the face of facts and possibilities let us think twice before we ratify a policy which may lead us into very great difficulties indeed.

One more point. This question is going to be left open for an indefinite time, it appears. Let us suppose that it is so. Just see what that means. It is going to be left open that Great Britain is not quite sure whether she will not put on tariffs, will not retaliate, will not undo that great fiscal policy which has made her what she is. What sort of effect is it going to have upon all the men of capital? What sort of fact is it for traders and capitalists to go upon for one year or two years to come, if it is quite uncertain whether Great Britain is a Free Trade country or whether she is a Protectionist country? They say we must fight our foreign competitors. By all means. But your foreign competitor will rejoice when he thinks that English capital, and English enterprise, and English ability are going to be withdrawn until this great issue is settled. This issue having been raised, it ought to be settled promptly.

What Mr. Bright would have said. “But,” they say, “we must consider, we must inquire, we must deliberate.” Why, what nonsense this is. They have made up their minds, both the Prime Minister out of doors and the Prime Minister indoors—the shadow of a Prime Minister. You once had a member for Manchester. I wonder what that old member for Manchester would have said of a Minister who, upon an issue of this kind, does not come plainly forward and say, “This is my policy, not only to-day, but I am convinced that English interests demand that that shall be my policy for all time to come.” That is what Mr. Bright would have said. I was surprised the other day, only one has no business to be surprised at anything in politics; but somebody wrote to *The Times*, and quoted some passages of mine about Sir Robert Walpole abandoning his Excise scheme, and said: “This offers some points of analogy with the present situation.” No—no points of analogy at all. Sir Robert Walpole, a great Free Trader, who brought forward his Excise scheme, good or bad, said: “The country won't have it. This dance will no further go”—and he dropped it.

But the present Prime Minister neither drops it nor takes hold of it. I do not know any passage in our political history more humiliating, more insincere, more demoralising, than the position of the Government—the so-called Government—at this moment. Here is an issue of life and death to the country. And where are they? Mark you, in all this it is

Position
of the
Government.

not only I who am a Liberal who say it ; the Ministerial Press says just the same thing. The Government's position is, that "at present the country only being ripe to this point, we will only go for taking power for retaliation if we think fit." There is no question about that. They have the power of retaliating if they think fit—but they must come to the House of Commons. Yes, and then they go much further, and say : "We are here in office, holding up this flag, believing in our own minds," according to the Prime Minister, "that further fiscal reforms"—which means Mr. Chamberlain's reforms—"are absolutely necessary and unavoidable." I declare that I do not know in our political history such a situation as that—a situation so insincere, so humiliating, both to them and to us.

And whom does it demoralise ? It demoralises not merely the gentlemen themselves, it demoralises not only **Demoralising** us poor members of Parliament, of whom I do not say **a People.** anything ; it demoralises the whole people. But now you have the chance. In great Britain you possess the greatest democracy in the world. The English democracy, unlike the French, unlike the United States democracy, has got a splendid tradition, an unbroken tradition ; we have never broken with our history. The English democracy has always shown itself fair. It has had its moments of passion and of blindness, but it is a democracy of probity and integrity. What sort of an example do these men with their brilliant dialectics, forsooth ! what sort of an example are they setting to our democracy ? Take care that brilliant dialectics is not a fine name for intellectual shuffling. Our people, as I say, have the best chance of showing what democracy can do of any people in the world, but much will depend upon those to whom they look, upon those who lead them ; and what if those who lead them show such a—no, I drop my adjectives—such a temper, with all these letters, these angry letters—Ministers who have taken counsel together upon the most important affairs of the realm, contradicting one another, one Minister telling another he does not understand English, and so forth ? I don't know in our political history so squalid and humiliating a situation.

But they say—I saw it in an important newspaper **Self-** yesterday—"Oh, these members of the Opposition want **Wreckage.** to wreck the Government." *We* want to wreck the Government ! The wolf and the lamb indeed ! It is not we who wrecked them ; they wrecked themselves. They have steered straight on to the rocks. Did I say straight ? No, I think not quite. I don't think anybody will accuse me of want of charity and lenity in judging politicians. Their difficulties are enormous ; but, still, one must draw the line somewhere. What has become of Unionism ? I see a member of Parliament on this platform who knows a great deal about that subject. What has become of Unionism ? Does not everybody know ? Is it not as clear as the sun to-morrow morning—outside Manchester—that out of all this wreckage, which we have nothing whatever to do with—that out of all this wreckage, power is to be placed by-and-bye in the very hands which they have always professed it to be

their first and cardinal object to avoid—into the hands of my friend Mr. Redmond? What has become of their Unionism?

Now one word, and I am going to release you. All **Backwash** of this tariff Jingoism is the backwash of the war. They **the War.** say you will hear from people like me sentimental, preaching views. I do not think I have ever shown that I believe great States can be entirely controlled and governed by preaching, or what are called psalms and pater-nosters. I have never thought it, and I have never said it. The world has not come to that yet. But, nevertheless, if I have got to choose whether I will rather be a preacher or a prize-fighter, I will be a preacher. That is the spirit of which we saw too much two or three years ago. That is the spirit that has been roused now, and openly appealed to.

It is life and death to you to persuade certain foreign **Effect Abroad** nations to rally to the Free Trade flag, because it is the **of Free Trade** flag, after all, of civilised intercourse between nations. **Renunciation.** What do you think they are going to do in the face of this turn-about in this country—which has not yet come off? How do you, forsooth, get them to come round to the policy of the open door? How do you persuade them that Free Trade is the best policy for them? You go full blatant, and you say: "Oh no, Free Trade is all a mistake, the Free Trade Hall in Manchester ought to be pulled down; it is all a mistake; the right policy is Protection." That is the most suicidal course I can imagine. It baffles our aims in the matter of free exchange, it lowers our credit in Europe, it discourages every Free Trade minority in every country in the world, and I do not believe it is what the people of this country mean to sanction or approve.

It was said the other day: "England must wake up." **How is** I agree—England must wake up. But is this the Govern- **England to be** ment—this set of men—who are going to wake it up? **Awakened?** The Sheffield gathering, the other day—the Association which met there—said: "We earnestly trust that steps will be taken by His Majesty's Government to ensure that the experience gained by the late war should not be thrown away." Yes, I earnestly trust it, but I do not believe it. Men who fell into all those blunders are not the men to be entrusted with the affairs of this nation. They will say: "Well, but you admit, with Lord Salisbury, that there is cause for anxiety in our commercial and manufacturing position. What do you say?" I say this: "It is very well to talk of scientific instruction—I should be the most faithless of men if I did not cordially welcome scientific instruction, and the multiplication of technical schools and technical teachers; but that is not enough. You must go further."

I, for one, tell you frankly, I would not go into the **True Lessons** lobby of the House of Commons—I would not cross the **of Liberalism.** street to give a vote for a candidate—if I did not believe that the coming expulsion of these gentlemen was to be followed by the Liberals, who have learned the lessons—which this Union, I am glad to say, has never faltered in teaching—the true lessons of Liberalism. And in order to act upon the principle, not only must

you multiply technical teachers and scientific instruction, but you must so shape your policy over seas, you must so regulate your expenditure, you must so exert yourselves to reduce that great burden of national debt which is a charge upon all classes of this community ; you must so adjust all these principles, all these maxims, that then indeed we shall be able to say that we have learned something from the past, and do not mean by quack remedies, or things of that kind, to fall back into the quagmire in which we have been placed by these gentlemen. The time has come, or is rapidly coming—and the sooner the better—when we shall see this false image, with its front of brass and its feet of clay, shattered into atoms.

Mr. Chamberlain at Newcastle.

20TH OCTOBER, 1903.

I THANK you on behalf of Mrs. Chamberlain and myself for your cordial welcome. It is little more than a fortnight ago since I was permitted in Glasgow to open a discussion on this vital and most important question of tariff reform. I say this vital and most important question, because it appears to me to be both, but I humbly admit that some of my opponents consider that it would be as foolish to discuss it as to discuss the roundness of the globe. But on the occasion to which I referred I had at all events the opportunity that I desired of placing before the people of this country, in language as plain as I can make it, the plan that I propose and support, and the arguments by which I support it, and now that it has been for some time in the hands of the critics I am inclined to say with Lord Rosebery the other day at Sheffield—"What do you think of it?"

Public
interest in
the subject.

I know that I myself am amazed at the interest which has been taken in the subject, at the progress which it has made, at the uproar which it has aroused.

Why, I was told not so very long ago that I was—I forget the exact words, but I think it was an electioneering quack, who was trying to draw a red herring across the path of progress and reform, and that everybody could see through me—that I should not be allowed to divert public attention from the much greater subjects which interest my political opponents, and I accepted this. But what do I find? That not a day passes but what the newspapers are filled with bursts of eloquence from every leader of every section, from the top to the bottom, and that they are devoting themselves not to these other subjects but to this ridiculous, preposterous, unthought-of plan of the electioneering politician.

Opposition
to the
scheme.

Well, I may be all my opponents take me to be, but I always wonder why they take so much trouble. Why should they crush me and crush me again?

All the big leaders of the Opposition shower their arguments and denunciations on my devoted head. I stand even

without an umbrella to receive them. The other day Lord Rosebery said that I was absolutely crushed by the cogent and convincing argument of Sir Henry Fowler and Mr. Asquith. Well, one would have thought under the circumstances that he would either have played the part of the good Samaritan, and bound up my wounds, or that at least he would have been content to pass by on the other side ; but he cannot let me alone. Then I see that Mr. Herbert Gladstone says that Lord Rosebery, in dealing with me accordingly, smashed and pulverised me. Again, I point out to my friends that after a man has been smashed and pulverised by all the heavy artillery, by all the big guns, surely it is not worth while for Mr. Gladstone and others like him, to bring out their puny pop-guns and spatter me with their abuse. There must be a little more in this matter than these gentlemen thought at first. The execution they have done has not been so terrible after all, and here I am, prepared to repeat what I have said, and answer as far as I can the serious arguments against what I have said.

From the first I make no difference between parties.

Courtesies of debate. I have not raised this question as a party question. I have raised it as a national question, on which every man, woman, and child in the Kingdom has a right to speak. I have raised it as a colonial question, on which I think I have some authority to speak. And I have raised it as a business question on which those in those great communities such as Glasgow and Newcastle are entitled to express a serious opinion, and having raised it in that spirit I shall continue in that spirit to the end. I am not going to be led into merely personal abuse or party bitterness, and when I say I will answer my opponents I shall choose whom I will answer. I will answer those who treat this subject seriously and without party or personal abuse, and I will leave to their own reflections those others who deal with the matter in the lowest spirit of party controversy. Therefore, when Lord Spencer descends from his high position in order to speak of me as the most unscrupulous of men, when Sir H. Campbell-Bannerman tells meetings of his countrymen that I have descended to the lowest depths of political profligacy, I leave those gentlemen and all their followers to wrap themselves in their own virtue and wisdom, and may they keep them warm. I leave them to the happy conviction that every one who differs from them is either a knave or a fool, and I turn to others. I turn to Lord Goschen, to Mr. Asquith, to Lord Rosebery, who have been dealing with this matter, and who at least are able to respect the courtesies of debate, and who attempt to deal with the question in a serious way.

Increased prosperity not due to Free Trade. Now, before I come to their criticisms I must remind you in a few words of what is the course of the argument that has been put before the people of this country. It is not as a rule the argument which these gentlemen answer. It is something quite different ; it is that while there has been a great increase of prosperity in this country it has not been due, and it can be shown not to be due, to Free Trade, but that it has been due to other things, of which Free Trade, however, may be one. I have

pointed out that, especially during the last thirty years, there has been a great change in regard to our trade and industry, and that this change may, if it be not stopped, lead to great disaster. I have stated that during this period our general export trade has remained practically stagnant. There has been a great increase in the population, but the amount of our exports has, with certain fluctuations, remained about the same as what it was thirty years ago. That in itself would give rise to serious thought, but there is much more.

**Our
industrial
supremacy
lost.**

Not only have we to consider the amount of our trade, but we have also to consider the character of our trade. Whereas in the five-and-twenty years after Mr. Cobden's great reform was carried this country was an industrial centre, exchanging its manufactures with other countries for their food and raw materials, now we have ceased to hold any such position of industrial supremacy, and every day we are sending out more and more of our raw materials, such as coal, and we are importing more and more of their manufactures, that is to say, we are importing in place of raw materials and food, or perhaps in addition to them, we are importing more and more of those finished goods which give the greatest employment to the working classes, and therefore are of the greatest importance in the trade of a manufacturing country such as ours. Now these are facts. Nobody has denied these facts; they have quibbled—I will not say that—I will say they have quarrelled with my figures; they have said that I have taken the wrong time or the wrong trade, or anything else, and with some of these objections I will deal. They do not deny the fact that my figures were intended to illustrate.

**Our prosperity
dependent
on colonial
trade.**

The fact remains that, putting aside our colonial trade, our trade with foreign protected countries, countries which have not Free Trade, has decreased in amount and deteriorated in character; and then, against this, they do not think, meanwhile, our trade with our Colonies has increased—increased very largely, so that now it is the most important of all the categories of trade which this country now has. So that now our whole prosperity is dependent on our maintaining, and is based on our increasing, colonial trade. Our foreign trade, much of it, has gone, and it cannot be recovered, but our colonial trade remains with us. It is going, and I ask you—that is my offence—I ask you to consider, while you can still stop the change, while you can retard it and probably prevent it, I ask you to consider whether you will regard the whole question from a point of view different from that which was prevalent in Cobden's time, when practically your Colonies were doing very little with us, and when foreign countries were not in any true sense our competitors. Now, I say, when we can only keep this colonial trade and increase it by the method that I ask you to adopt, which is not my method in the sense that I was the first proposer of it, but which is the offer made to you by your own Colonies—the view they propose to you is a system of preferential tariffs—they to give a preference on the one side, you to give a preference on the other—I say

that I think that this proposal is better worth considering than whether the earth is round.

**The proposals
of the
Colonies.**

I suggest to you that these people who make this proposal to us are a little more worthy of attention than a good many of our own politicians. Who are they? They are eleven millions of white people who have done much to make your Empire for you, and without whose continued assistance, without whose strong right hands and loyal hearts you cannot keep your Empire, and it is not in the best taste and it is not the highest wisdom of statesmanship, when those people make to you any proposal, however, in the first instance, it may seem to you, for you to refuse to consider it. If you do not agree with them, at least they have the right to a fair consideration and a fair discussion. We owe much to our Colonies, and I have never denied that they owe much to us, only when I am in the old country I prefer to talk to my own countrymen of their duties, and when I am in the Colonies I speak to the colonists of theirs. But I may say this for them, when they make these proposals to you, whatever their effect may be, they are not thinking of themselves alone or even principally. I believe that when a vast number of the white colonists and the self-governing Colonies say, "We are prepared to give you more than we ever hope to receive"—at all events they do not think of giving less—it is not a selfish proposal on their side. It is a patriotic proposal. It is because they feel that here we are, forty-two millions of the British race in the United Kingdom, and they eleven millions of whites scattered throughout the world, who might if they pleased make an Empire such as the world has never seen before, whose union is absolutely necessary in order that the strength of that Empire may be preserved, and who are willing, on their part, if you will let them, to make some sacrifice in order to secure it.

**No sacrifice
demanded.** But in the plan which I have laid before you I see no sacrifice. I am not afraid. I think I may appeal to my past to show that I never have been afraid to put forward even an unpopular doctrine if I thought it to be

right, and I have never been afraid to ask my countrymen to make sacrifices which are necessary in order that their country may be worthy of them, and that they may be worthy of their country. Therefore, if I really believed in my heart that the result of what I am proposing would cost anyone of you anything, I would tell him, and it is because I do not believe that it can be shown that it will cost anything—not because I think so badly of you that I believe that you would not make a sacrifice if it were necessary—but it is because I believe it to be true, that I say that my plan will cost you nothing. Why should it?

**Only a
transfer of
taxation.**

I am not asking to impose further burdens on the people of this country. I am not asking you to raise the amount of taxation in this country. I am asking you to transfer taxation from one article to another, from one pocket to another. So far as you are concerned I maintain that it does not matter a brass farthing to anyone of you whether, let us say, the

sixpence a week that we take from you in the way of taxation comes out of your waistcoat pocket or comes out of your tail pocket. It comes from your resources. If it comes from taxation on one article it is not to be considered as affecting that article alone. If it is higher than you can bear you have to consider which of the articles of your consumption you can most easily spare, and it does not follow that that is the article on which the taxation is placed.

**The
workman's
budget.**

But I deal with articles everyone of which are practically on the same footing. They are all necessities of your life. With perfectly astonishing equality the working man's family in the country or in the town takes on an average year by year the same number of loaves, the same number of pounds of tea, the same number of pounds of coffee, the same number of eggs, the same amount of bacon, the same amount of meat. All these things are given to you in the Board of Trade returns, and though there may be exceptions—there are persons who would not drink tea, just as there are persons who would not eat bread—though there are exceptions, the average is the same. What does it matter if I want a halfpenny from you whether I charge it on bread, which is an absolute necessity? You will not eat any less bread for that. But as you have to pay a halfpenny more you will perhaps take a halfpenny off your expenditure on tea, and then when you come to buy your tea you find it so much cheaper that you can buy as much for a penny as you could previously buy for twopence. What you lose on the bread you save on the tea, and when you come to the end of the year you are in exactly the same position. You have merely transferred one part of your taxation to another part of your taxation, and you have not increased the cost of living: the budget of the working man, the expenditure of the working man, you have not increased it by a single farthing. Well, why do I want to make this transfer? I get no more revenue, I am not earning a penny more for the Exchequer, and I have to make this change, and to take the taxation off tea where it benefits nobody, in order to put it on bread in order to benefit your kinsmen, your kinsmen across the sea, who are most necessary to you as customers, and more necessary as brothers and fellow-citizens, and as helping with you to buttress the great Empire to which they and you equally belong.

**No sacrifice
from the
Colonies.**

What is their position? Their position is also one in which they are called on for no sacrifice. They will have to give us preference over the foreigners and review their tariffs in order to see whether, without injuring their manufactures, they cannot open their markets more widely to us. But in return you will have given them very much larger trade in the articles which they chiefly produce, and they know perfectly well what that means to them—how it means that every industry in their country will be enlarged and improved. And they at any rate are ready to come into the negotiations to which I have invited them. That is the second point. The third point I put is that at the same time we make this transfer of taxation, which does not alter the cost of living, we also secure for ourselves a large increase of the

valuable trade of our best customers, and we are doing a great deal to weld the Empire into a solid whole, which all the best thinkers and wisest statesmen who have dealt with this subject declare to be the main thing,, by bonds of interest as well as by bonds of affection. That is my point. I can perhaps put it in different words, but I do not think that I can put it more clearly. That is the plan.

**Bonds of
interest as
well as of
affection.**

What is the answer of the statesman to whom I have already referred, and the other great statesman who spoke last night in the Free Trade Hall in Manchester? What are their answers? They are beside the question, a great part of them. The speakers attempt to bear us down with what I may venture to call Cobden Club figures; to show that we are the finest people on the face of the earth to-day, though not always the wisest, that we are progressing in a wonderful way, that we are enjoying enormous prosperity, that we are better off than our grandfathers were. And all this is given as though it were an answer to the statement I have laid before them! Well, it is not an answer at all. It has nothing to do with it. I am not certain that our friends are not a little hasty. I observe that their present attitude is rather different from what their attitude was. A few years ago they were telling us that this country was somehow or another badly off, that it wanted a little spring in it, that it could not bear the expenses of the war, and that we ought to surrender to the Boers because we could not afford to bear the cost. But that does not seem to coincide with all this splendid prosperity to which we are now referred.

**Why are
the people
underfed?**

Then we are told that there are thirteen millions of people who are underfed and on the verge of starvation. One-third of the population is between thirteen and fourteen millions. But really I think that is one of those statements that is absolutely impossible to prove by figures, though there is a great deal in it, and it is not a statement to be dismissed without consideration. Nobody who knows anything about the people of our great towns, nobody who knows about the condition of the poor in the country can doubt—whether there be thirteen or fourteen millions or whether there be a smaller number—that there are a vast number of the people of this country at the present time who are underfed. And why are they underfed? Not because corn is not cheap, not because of taxation—because there is no taxation on any of the necessities of life—but because they have not got enough of employment. Well, then, in connection with another question, to which I have devoted a good deal of time, it is true now as it has been for some years, that three out of every seven workmen, or every man who is below the wealthy class, who is twenty-five to-day—three out of seven of those who survive—will be in receipt of pauper relief when they come to the age of sixty-five. Therefore, you see, I am quoting Sir Henry Campbell-Bannerman's figures not because I disbelieve in them altogether, though I think they are exaggerated, but because they bear in an important sense on this problem. We have no right to say that the country is doing so well, whether it is in consequence of Free Trade or anything else, as long as

there is so large a proportion of the country unemployed, and so long as there is so large a proportion of the working classes that have nothing to look to in their old age but the workhouse. Well, I say then that it is not quite so certain that our prosperity is as great as we are now told it is, but for the sake of my argument I am going to grant it—I am going to grant everything that they tell us.

Value of comparative statistics. And then I complain of them that they only look to what I may call positive statistics, and never look to comparative statistics, which are a very important portion of this argument. We are arguing about Free Trade or free imports—which is not Free Trade—we are arguing about free imports, not about the prosperity of the country. The question is, “Does this system of free imports conduce to the prosperity of the country?” and their answer is, “Yes, because the country has prospered.” Yes, the country has prospered. I grant it; I do not deny it. But other countries, which are not Free Trade or free importing, which are Protective, which have been Protective for thirty years, are increasing. According to every test you can apply to the prosperity of the nation they are increasing more quickly than we are.

The case of Sweden. I think I heard a voice to the right say that our prosperity was due to Free Trade. Well, then, what is the prosperity of Germany due to? If I were to say, “What is the prosperity of the United States due to?” I should be told, “Oh, the conditions in the United States are so exceptional that you can make no comparison.” I will go back to that. But what about Germany? Is the condition so exceptional there? If it is, what about France, where the returns are not so good, but where still there has been a great increase of prosperity? If all these countries won’t do for you, I will find you one better than all put together. It is only a little country, and a poor country, a country of people who have very much in common with ourselves, Norsemen, as most of us are by descent. I will refer you to Sweden, and I will show you from the returns of Sweden that, from the moment that they adopted the policy of defence, of retaliation, from that moment they increased in every sign which is a standard of the prosperity of a nation, and meanwhile their work-classes were not starved, the big loaf did not, somehow or another, under some kind of peculiar magic, dwindle down till it was so small that you could scarcely see it, and you had not even to buy the *Daily News* in order to find it out. Now, do please bear that in mind when you hear that we have done well. Remember that others have done better, and that therefore if we have done well it is not because of Free Trade.

The real causes of prosperity. I am not here because of the gout, and we are not prosperous because of Free Trade. If you want to know why we are prosperous, is there not cause enough in the fact that after the Corn Laws were repealed, and Free Trade began to be adopted in this country, the greatest of all commercial and industrial changes took place throughout the world, that railways began to be established, that communications were made

everywhere, that gold was discovered, and the circulating medium was suddenly poured into the world in quantities never heard of before? Could we fail, remembering that we began—after a period of Protection—that we began as the greatest industrial country in the world, with an immense advantage, a large start ahead, could it have been possible that under these circumstances we should not have profited by all these changes. The reason why other countries, which also profited, did not profit so fast as we did was because, owing to other circumstances which it would take me too long to discuss, these other countries were subject to various drawbacks. They were not so forward as we were, they had not the same start, and it took them thirty years to come up to us. But now they have come up to us. Now is the time. Really if a man cannot see the difference between the state of

Troglodytes

things to-day and the state of things thirty years ago, or sixty years ago, well, it seems to me he ought not to call himself a Liberal or Radical. He ought to call himself a troglodyte and live in a cave. Now I say that the criticism which these gentlemen bring to bear is largely irrelevant; their figures at least, are largely irrelevant. I might grant them all and not alter one word of my programme or arguments. But, of course, they go further than that, and they attack my argument, my figures.

Now, let me tell you what are my figures. What are the figures on which I rely? I rely on the fact that countries which have Protection have taken from us very much less during the last thirty years than they took before; that their exports to us, on the contrary, have increased in still larger proportion. Now, is not that a curious thing that they should have taken less from us? It may be simply because, being foolish Protectionists defending their own trade, not following the gospel we have accepted, they had met with well-merited misfortune. But how comes it that those people who ought to be in the depths of despair and misery, who ought to be poor and wretched, are nevertheless rich enough not only to hold the whole of their trade, which formerly they left to us, but to send us their surplus, a very largely-increased importation of their goods?

I think that is rather a serious point. But Mr. Asquith says that I have committed an unpardonable error because I took 1872 as the year of comparison. Permit me to say that if this was an error I should hope it would not be unpardonable, because if every error uttered by the various disputants in this controversy is to be treated as unpardonable, the number of unforgiveable offences will grow to extraordinary magnitude. But I beg Mr. Asquith's pardon, and I venture to stick to my own figures. They are very good figures, and I do not think he can improve on them. I did not take 1872 as my standing point. I took last year. If I had not taken last year I should have been told that I had committed an unpardonable error, because, forsooth, I did not take the last year for which figures were available. I took 1902, and I went back by ten year periods to 1892, 1882 and 1872, and whether I took 1892, 1882, or 1872, the result is just the same

—there is a great decline in our exports of manufactured products to these protected countries. I leave him to make his choice between these figures. I give him another choice, and I think that 1872 is a very good year, because it happened to be what is called a “boom” year; it was a magnificent year for our trade owing to the Franco-German War. He thinks 1892 was a magnificent year for our trade. As a matter of fact, judging only by the total amount of our exports, the year 1892 was better than 1872, and therefore it seems to me that I am really making a concession to my opponents when I take so prosperous a year as 1872 in order to compare with another prosperous year. It would not be fair of them, it would not be fair of me, to compare a bad year with a good year, but I compare good year with good year, bad year with bad year, one year with one year, and now I will compare five years with five years.

Comparison of quinquennial periods. If, instead of taking single years, you take a quinquennial period, then it appears rather better for me than my argument at Glasgow shows. It shows that the total trade ending in the five years 1900 was seven millions less than the five years ending 1875, and if instead of taking the total trade you confine yourself to what was the point of my argument, namely, the manufactured goods that we sent to the protected countries alone, then you will find the difference even larger than I had supposed; and, therefore, to sum up on this point, you may take it for granted—at all events if I can be proved to be wrong I shall be ready to admit it—but you may take it for granted that, in any way in which you look at this matter, there has been this distinct and marked change in our trade during the last thirty years, that so far as the protected countries are concerned they have sent us more and taken from us a great deal less, and that that defect in our arrangements has only been concealed by the fact that our colonies have come to our assistance and have taken from us much more.

Imports of manufactures. Now, one word more about figures. Just take the imports of manufactures into this country. Remember that we were a great manufacturing country, the most powerful industrial community in the world. In 1872 we imported 63 millions of manufactures; 1872 was a big year, therefore you would suppose that the imports would fall off. On the contrary, there were 63 millions in 1872, 94 millions in 1882, 99 millions in 1892, 149 millions in 1902. In thirty years the total imports of manufactures, which could just as well be made in this country, has increased 86 millions, and the total exports have decreased 6 millions. We have lost 92 millions, the balance, that is to say 92 millions of trade that we might have done here has gone to the foreigner. And what has been the result for our own people?

£46,000,000 lost in wages. The Board of Trade tells you that you may take one-half of the exports as representing wages. We, therefore, have lost £46,000,000 a year in wages during the thirty years; that would give employment to nearly 600,000 men at 30s. per week, continuous employment that would give a fair

subsistence for these men and their families amounting to three million persons. Now, if you could employ 600,000 more working men, and if you can find subsistence for three millions more of the population, I venture to say that, whatever number may to-day be underfed and on the verge of hunger, that number would be seriously decreased.

Mr. Asquith I have been quoting and answering Mr. Asquith.
on imports Let me take one of his statements, not to crush it, not to
and smash it, not even to pulverize it, but to cause him to
exports. reflect. If he could make a gigantic mistake of this kind, at all events his question is not quite so simple as he seems to think. He tells me that I dealt only with exports, and that that is quite wrong. I ought, he said, to take the exports and imports, and that is the true test. Well, let us take it and see. Last year our exports were £278,000,000 and our imports were £528,000,000. I must admit, in my innocence, that I can see no more reason for putting these two things together than for putting together two sides of a ledger, putting debtor and creditor columns together and adding them up and saying this is the splendid result of our business during the year. But I am going to carry the thing further.

Dangerous Under these circumstances the total of the two would
figures. be £806,000,000. That is the result of the prosperous year 1902 as represented by exports and imports together. Now, let me make a suggestion. Let me suppose that, by a great and terrible catastrophe, every mill in this country was stopped, every furnace was blown out—even the blacksmith's shop was silenced, no atom of manufacture was any longer made in Great Britain, that we depended for everything on the foreigner. What would be the result? We should have an import, as now of 528 millions, and we should export nothing, therefore the 278 millions go out of the account. We should import 528 millions, but we should also import for our own home use that which is supplied at present by our home production. Mr. Asquith tells us that that is five times as much as our import. I will make the calculation, and tell you. Five times our imports is 1,390 millions, and so our total import trade would be 1,918 millions. There would be no export trade, and under the circumstances I have described to you this calculation would show that we were two and a half times better off than we were before. That comes of taking your brief from the Cobden Club. But however it may be, it shows the danger of these figures. It is to our exports, I will not say entirely, but it is mainly to our exports that we must look for the test of the cost of our trade.

Lord Goschen I turn to Lord Goschen. Lord Goschen in his
on "who pays speech declares that he is going to deal with economic
the tax." facts. How I envy him! How I wish that I could deal with economic facts! I wish I could deal with any facts that everybody could accept. In this matter economists themselves dispute, and what one man thinks to be a fact another will tell him at once is entirely erroneous. The great fact to which

Lord Goschen devoted his attention was this. He said that a tax is always paid by the consumer, and that therefore the small taxes which I propose to impose on bread and meat would be paid by the consumer, by the poor as well as by the rich. Now I want you to consider this argument, but before considering it bear in mind that, like the other arguments I have been considering, it has nothing to do with my case, because for the sake of my argument I have assumed that the consumer does pay the whole. In the plan I have laid before the nation I have assumed that whatever tax would be paid, the whole of it would be paid by the person who is taxed, and the amount I have taken from tea and sugar and other things is equivalent to the whole amount of the tax, and not to any calculation I have made as to the amount he may be likely to pay. Therefore, I want to point out to you that if Lord Goschen is right, and if the tax is wholly paid by the consumer, it does not touch my case at all; because in order to be safe I give back to the consumer everything, in order that I may not impose on him more than I am taking off him. But I utterly disbelieve, and I challenge the so-called economic fact. It is not true that either the poor man or the rich man will pay the whole. It is not certain that he will pay any of the new taxes, or any of the taxes which are levied on him by way of taxes on income.

The personal proof, that is, the modern economic view. I think I am justified in saying that all the economists of the greatest reputation, whether they are in this country, or whether they are in Germany or the United States of America, all agree that the amount of a tax that is paid by the consumer varies according to a number of circumstances, but that hardly ever is the whole of it paid by the consumer. But, besides that wealth of scientific opinion, I may quote names of men known to all who have studied these subjects. I am not speaking of the German or foreign economists but of others—Professor Ashley, Professor Hewins, the late Professor Sidgwick, John Stuart Mill. I may quote all these men to show that they put this view—that they no longer believe or assert that the whole of the tax is paid by the consumer, except under very exceptional circumstances.

Well, then, I go further—putting aside all this authority, supposing it is paid, what happens then? Well, we really come to a *reductio ad absurdum*. When the McKinley tariff was put on, the woollen manufacturers of Bradford and Leeds, ah, and of many other parts of the country who are connected with the trades which were so heavily taxed by the tariff, declared that the tariff had injured their trade, in some cases about destroyed it. Well, if Lord Goschen is correct, if the consumer in America pays the whole tax, it would not injure these people at all. What does it matter? Here is an article which costs 7s.; you put on it a tax of 7s., therefore, according to Lord Goschen, it is sold for 14s. Yes, but the British manufacturer who sold before for 7s. can still sell at 7s., and the duty on it will only bring it up to the price at which the

country sells, and that is the 14s. Therefore you come to this absurd doctrine, that no matter what taxes you put on foreign goods, you do not injure the foreigner in the slightest degree, and he can do his trade just the same whatever your duty is. I ask Newcastle, I ask Glasgow, I ask Leeds, I ask Spitalfields, I ask every manufacturing place throughout the country whether they have found this to be true in their experience; whether when they have had a trade with the foreigner, and he has put on a duty, he has only hurt himself, and I ask whether they have been able to sell as much after the duty as before. In some cases the trade has been injured, and in some cases the trade has been absolutely destroyed, and that can only be because after they have paid everything in the way of profit, in the way of reduction of wages that they can pay, still they have been beaten by the higher duty charged on them by these foreign countries.

The price of wheat in France and Germany. Well, Lord Goschen proceeds by a number of statements to show that wheat has risen in France and Germany in consequence of the tax and of the amount of the tax. If that were true it would be a very exceptional occurrence, but it is not true, that is to say it is not generally true. I want, for one moment, to ask you this question. Suppose it had been true, suppose Germany and France had paid more for their wheat in proportion to the tax which they levied, what has happened in consequence? Lord Goschen tells you that France only takes 2 per cent. of its corn from abroad, it is self-sufficient, and that Germany only takes 30 per cent., whereas he says we take four-fifths. That is not a comforting reflection. It is too big a question for me to deal with to-night, but it is not a comforting reflection to think that we, part of the British Empire, that might be self-sufficient and self-contained, are nevertheless dependent, according to Lord Goschen, for four-fifths of our supplies on foreign countries, anyone of which, by shutting their doors on us, might reduce us to a state of almost absolute starvation. Well, there is something more than that.

Our wheat supplies in war time. What the working men have to fear, and I call the attention of working men to this point, is not the tax—not any tax—that might be put on corn, but the working man has to fear the result of a shortage of supplies and of a consequent monopoly. If, in time of war, one of the great countries, Russia, Germany, France, or the United States of America, were to cut off its supply, it would infallibly raise the price according to the quantity which we received from that country. If there were no war, if in times of peace these countries wanted their corn for themselves, which they will do, or if there were bad harvests, which there may be, in either of these cases you will find the price of corn rising many times higher than any tax I have ever suggested. There is only one remedy for it, there is only one remedy for a short supply, it is to increase your sources of supply. You must call in the new world, the colonies, to redress the balance of the old, call in the colonies and they will answer to your call with very little stimulus or encouragement; they will give you a supply which will be never-failing and all-sufficient. I won't deal with other

figures of Lord Goschen's to-night, though I may return to them; I will only say, having carefully examined this subject myself, I do not agree with him that corn, or food, or meat rose in foreign countries—in Germany, Italy, France, and the United States—according to the tax. On the contrary they have varied, but they have varied according to many different circumstances and sometimes, not infrequently, when the tax has gone up the price has gone down.

**Advantages
of the
proposed
new taxes.**

Now, I maintain that in the new taxes which I put on there is every advantage, firstly, because they are small, and the economists say that the larger the tax is, the more likely it is to be paid by the consumer. In the first place they are small, and in the second place they vary only with the proportion of Protection, since colonial trade and home trade will be free. I am convinced that of the new taxes not more than half will be borne by the consumer, and if that be true, not only will he not be called on for any sacrifice at all, but he will make a profit out of this arrangement, a profit which I have calculated as varying from twopence to threepence per week. This is what I ask you working men to do, I ask you to make a transfer of taxes, which under no circumstances can cost you anything, but which may benefit you to to this small extent of 2*d.* or 3*d.* a week, and which, in addition, will give to you and your children and your comrades more work of a kind which is most profitable for you to do, and which will help you to take your part in welding together our Empire throughout the world.

**They will
stimulate
Colonial
trade.**

But now I come to the most important of all questions, to my mind, raised by preferential tariffs. I advocate them because in the first place they will stimulate colonial trade. We shall do more trade with our friends, and I do not think we shall do much less with our rivals. But the main thing is that we shall do more with our friends, and we shall do it under more favourable circumstances. I have told you that the increase of this trade is essential to your prosperity. But there is something else.

**No
alternative
suggested.**

I take all my opponents, those who differ from me, those with whom I am dealing and those with whom I am not dealing, and I say that there is not a man of them who can give you any alternative to what I am proposing, any alternative for attaining the object which I have in view. You cannot weld your Empire together, you cannot draw closer the bonds that now unite us, except by some form of commercial union. I say that none of our opponents have put forward any alternative. It is true that a statesman, for whom I have the greatest respect, and who lives in the neighbourhood—I mean Sir Edward Grey—has told us that in his opinion it would be a very good thing to have an Imperial Council.

**An Imperial
Council not
an
alternative.**

Well, who first proposed an Imperial Council? It was not Sir Edward Grey. It was I—I mean of late years. It was proposed before me. There is nothing new under the sun, but I have pressed it more than any

of my predecessors. I have done everything in my power to bring it about on two several occasions at formal conferences, in public speeches, and in private speeches ; I have ventured to speak with my countrymen, to say to our kinsmen beyond the seas : " We want your aid ; we call you to our councils. Come and take a part in them " ; and they have decided they will not advance along the line of Federation in that way. I do not mean to say you will not have it ; on the contrary, I believe if my proposal were carried a Federal Council would be a necessity, but you cannot have it at present, at any rate, and I do not see any sign of your ever having a Federal Council first. The Colonies want to know what it is they are to discuss before they come to your Council. When you have got a commercial union, that will be something to discuss, and I have no doubt that will come ; but meanwhile this alternative, so lightly thrown down by Sir Edward Grey, is no alternative at all. You

The alternative of Imperial defence. cannot approach the closer union by that means, and having tried first in one direction then in another, I tried next in connection with Imperial defence. Again I was beaten by the difficulties of the situation, but I did not on that account give it up, and I come back, therefore, to this idea of commercial union, which will bring us together, which will necessitate the council, which council in time may do much more than it does in the beginning, and may leave us, though it will not find us, a great, united, loyal, and federated Empire.

A " bribe " to the Colonies. Well, I say that is the only way in which you can approach this question. You will have to move gradually, but this is the first step, and I ask you to take it. Why should we not take it ? The answer made to that is in my opinion antiquated, inconsistent, and, above all, it is mischievous. It is not an answer which ought to be made by men who have the Imperial cause at heart. What is said to me ? It is said, " Oh, Mr. Chamberlain, of course he has got Colonies on the brain. He thinks he discovered them. " I know a good number of people who apparently have forgotten them. " But he is so anxious, " they continue, " to secure their goodwill that he is prepared to wrong his own country in order to do it. He offers them a bribe. We are already doing more for them than they do for us, yet now we are called on to make further sacrifices, to bind ourselves hand and foot, without the slightest advantage in return. " Well, I say it is not wise or patriotic to say that kind of thing to your Colonies, and it is not true, and the very people who say this, in the same speeches—and you can see them for yourselves, if you will read all the oratory of the last week, the same people say that it is no sacrifice at all, that it is no boon to the Colonies, that the Colonies would not accept it, that the benefit is so small that it is not worth their acceptance. Now, how can a benefit which is so great to them that the giving of it will ruin the United Kingdom, which they tell us is the most prosperous of countries in the world, be yet so small that the Colonies would not think it worth picking up from the floor ? Then again, they say in the same breath, that the Colonies are selfish, that they will pursue their own

interests, that they will do nothing for us, and, on the other hand, that they are so unselfish that they will do anything for us and ask nothing in return. But these are not serious answers to a serious question.

Preferential tariffs required to keep the Empire together. I ask for preferential tariffs in order to keep the Empire together. I have not said as I am told I have—at least I have not intended to say—that, if I do not get them, the Empire will immediately break into fragments. I do not think that I am prophesying an immediate catastrophe, but I say that those only are entitled to the name of statesmen who can foresee what is to happen—at all events in their own world—and can provide for it. Now, I say that without these preferential tariffs you will not keep the Empire together. Lord Rosebery at Sheffield says: “I do not find one jot or tittle of proof for this amazing assertion.” It is not my assertion. It is Lord Rosebery’s.

Lord Rosebery’s Leeds speech. I want to have this out with Lord Rosebery. Not in any controversial spirit, I quoted at Glasgow what I am going to quote to you again, hoping that he would notice it. He did not notice it, and says, in fact, that this idea that a tariff is necessary to Empire is an amazing idea, and there is no jot or tittle of proof for it. In 1888 at Leeds Lord Rosebery said: “The people of this country will, in a not too distant time, have to make up their minds what footing they want their Colonies to occupy with respect to them, or whether they desire their Colonies to leave them altogether. It is, as I believe, absolutely impossible for you to maintain in the long run your present loose and indefinable relation, and preserve these Colonies part of the Empire.” That was what Lord Rosebery said in 1888. And what was his remedy then. His remedy was this. He said: “I do not see that you can obtain the great boon of an Empire, encircling the globe with a bond of commercial unity, without some sacrifice on your part.” In other words, the disease was the same, the prescription was the same. Lord Rosebery also thought that a commercial bond of unity was the way to bind the Empire together, and that without it it would be absolutely impossible to preserve our existing relations. I really do not know that he has changed, because in the Sheffield speech he told his audience that this view of mine which I am anxious to impose on you was not new. It is not new. I am not professing that it is a novelty. I am as conservative as the mildest Radical. He says these were his own suggestions when he was President of the Imperial Federation League. He went on to make the most marvellous statement I have ever heard an English statesman of his capacity make. He said that he did not believe that any Minister could be found bold enough to carry it out. I should have thought from that that, if any Minister or Ministry were found bold enough to press such a policy and to attempt to carry it, the most ardent of his colleagues, the most valiant of his comrades would be Lord Rosebery himself. And yet when the time comes Lord Rosebery, who is always making the most admirable suggestions, does as he has done before—runs away from his own suggestion because he finds it will involve him in some difficulty, and possibly in some political risk.

**Coming to
terms with
the Colonies.**

Well, Lord Goschen takes a different way. He is not waiting for the bold Minister, but he says he warns his countrymen for Heaven's sake not to come to terms with our own kith and kin. What a terrible thing! It is certain, he says, to breed a quarrel, and the best way is to remain absolutely isolated. If, he says, you make a treaty with them or with foreign Powers that will involve a limitation of their freedom, or of yours, and then, says Lord Goschen, "Think what the result may be. Certainly it will lead to a greater division of opinion rather than greater union." Well now, does Lord Goschen act in his own family on that principle? Perhaps it is an impertinent thing to do to pursue any man into his family, but I will put it generally. Do we act on that principle ourselves? Do we refuse, when our children are in our confidence, to promise anything, to pledge anything, to come to any agreement with them? Do we say: "Don't let us talk on this matter for fear we disagree"?

**Lord
Goschen's
views 12 years
ago.**

But Lord Goschen did not always hold this extraordinary view, the effect of which would be that, if Lord Rosebery forms a Government, it must never make a treaty again. It applies the same to treaties about defence as to everything else. The Japanese Treaty, for instance, is absolutely condemned by the same argument as would have condemned the Cobden Treaty with France in 1860. But Lord Goschen said only twelve years ago: "I must enter my protest against an extreme application of the view that under no circumstances could we make fiscal treaties with our Colonies without injuring other portions of our trade. If we find we could make the whole Empire one as regards customs, surely we have the same right of treaties with our Colonies as Germany has with Great Britain, or the United States with ourselves." I claim for ourselves the same right. The present proposal is not a proposal for absolute Free Trade in the Empire, which is what is meant by a Zollverein, and therefore Lord Goschen might properly say:—"Though I would support the one I will not support the other," but it disposes of the principle of not making treaties; because, if you made a treaty of Free Trade with your Colonies, there would be a much greater limitation of freedom on both sides than if you only dealt with half-a-dozen or less articles. Therefore I cannot think that Lord Goschen has seriously undertaken to put forward, as a sufficient answer, a case so weak as that. Now I do not threaten your prosperity, though I say that, if we continue on our present lines, I think it will be seriously in danger.

**The British
Empire and
other great
States.**

As I have said, I have not threatened the immediate disruption of the Empire, but I do not believe we can keep the Empire together, except on lines which have been understood and adopted and worked on by other countries with success. I do not believe that the United States would have been the great Empire it is but for common agreement between the several States which form it. I do not believe that Germany would have been a great and powerful Empire but for agreement between

the several States that compose it, and I do not believe that we should be a powerful Empire—I do not believe that we shall be an Empire at all—unless we take similar steps. If we do, what advantage will be got over others in such an effort as we shall make? We have a State which differs indeed from theirs—differs, in the first place, because it is greater, because it is more populous; differs in the second place because it is more universal in its products of every kind; differs also in the fact that it is more homogeneous in regard to its white population; and differs, as I think, in the fact that its growth is all before it and, whatever we may hope to derive by a race policy adopted to-day, we may fairly hope to derive many times more by this policy pursued for generations with some consistency. It is on that account, therefore, that I hold that the present is so important.

I ask you not to be frightened by figures which are
A great opportunity. quoted by our opponents, by the bogey of dear food which will not come, by the bogey of foreign retaliation which would certainly cost other countries a great deal more than us, by the terrible consequences of adopting a policy which has successfully promoted the interests of every other civilised country in the world. No, I ask you not to be frightened on the one hand by threats of immediate danger attributed to me, nor to be frightened by threats of danger to come; but I ask you to look at this matter with a great sense of responsibility, remembering that this Empire of ours, of which I believe we all in our hearts are proud, is a great charge on us. It has often been in the past—I am not prepared to deny it—a heavy labour and a responsibility, but it has made us what we are. It has taught us the great virtue of national sacrifice, and we have in the future to look for fruits from this tree which would justify all the pains that we may take in its cultivation. Therefore it is that I invite my countrymen now, when I firmly believe they have one of these opportunities that seldom come to us, now that they have the opportunity of making this Empire permanent, not to dismiss this as a vain and empty dream. I ask them to remember that its realisation will be the greatest glory that can ever fall to any statesman or to an entire nation. I ask them to take these things into their consideration, and to come to a right decision.

Mr. Chamberlain

at Tynemouth.

21ST OCTOBER, 1903.

I THINK that the two previous speakers said something of the gratitude with which you welcome me to Tynemouth to-day. The work that I have undertaken is not an easy one. I am not inclined to minimise its labours; but, when we come to talk of gratitude, it is I who owe gratitude to great constituencies like this, representative of the energy, the enterprise, and the industry of the country, who are willing to listen to what I have to say, and who have already given me such encouraging support. It is not an easy thing to address in a few hours three great meetings on the same subject, and to introduce anything of novelty into the addresses; but I suppose I should still find something to say in a meeting whose importance none of us are likely to underestimate, and in which so many are interested. This question touches, and touches closely, every man, woman, and child in the British Empire.

Among other things that have been said about the **Two Mistakes.** present agitation there are two which I will call mistaken if they are nothing worse. It is said that I have sprung this subject on an astonished people, and that the discussion is one that is altogether premature. Sudden and premature! Well, so far as suddenness is concerned, if there is ever to be anything new in the world it must be sudden—or, if it were not sudden, it would not be new. I am not ready to admit that the active propagation of the principles which I have laid down is unexpected.

I suppose it is unexpected, apparently, to some of my colleagues, who did not expect that I should resign my office in order to give effect to these principles, but it was their fault and not mine, because I assert—having previously obtained the permission of His Majesty to make such statements as may explain my resignation—I assert here that, whatever any member of the Cabinet may have heard or have thought, I distinctly declared my intention that if this policy of preferential tariffs

Statement
as to
Resignation.

were not accepted as the policy of the Government I would be unable to continue in the Government, that I should feel it my duty to appeal to Cæsar—not indeed in the least degree in opposition to my colleagues, or with any unfriendliness to them, but in order to give this new policy, which for the moment is not ripe for decision, a fair chance of being heard and understood of the people.

But, though my resignation and the additional importance which this may have given to the subject may have been unexpected, there is no suddenness in the policy. Neither I nor anyone else have thought that a question of this kind should be forced on the people, that they should be asked to give a decision until they had considered the full effect of it to each one of them. Every trade, every interest, every man, every woman—I want that they should have time; and from the first it was part of my policy that this matter should be discussed between now and the next general election, but that nothing should be done by the Government, and nothing will be done, and nothing would have been done by the Government if I had remained in it, to commit the people to this policy without their full authority. What I advocate now, my endeavour now, is to make the importance of this matter clear, and is not to steal a march on you. On the contrary, it is to prepare you for that general election, which, in spite of all that some prophets have announced, may still be postponed for a considerable time.

During that time I am going to work, and as far as I can see I am going to keep my opponents at work too. **“I am going to Work.”** If I succeed in convincing you that this change is necessary in your interests, necessary in the interests of the Empire, the greatness and importance of which we are at last beginning to understand, then my work is done. But if I fail the first time, and life and health are spared to me, I will go on again. I will never drop this subject that I have undertaken until indeed I am convinced, which I think is impossible, either that the colonies would reject it or that the people of this country are so provincial in their politics that they are unable to understand its magnitude and importance. So much for the suddenness with which this question has been introduced. There may be plenty of time for discussion—no suddenness at all. All that is wanted is that our political opponents should not press for an election. I am not dealing with party politics, and I am not saying whether that would be wise for them or wise for us, but I say, so far as this question is concerned, they have it in their own hands whether the decision shall be sudden or slow.

But is it premature? Are we in all respects situated so admirably that it is premature to raise the question whether we might not be better? Are our relations with our colonies, and is the future of the Empire, so clearly defined that it is not desirable to discuss these matters? It is difficult for a man to express himself with all the courage and consistency of my friend Mr. Leverton Harris. It may require a certain amount of moral strength. But are we, because there are many people who have no

moral strength—this is a question on which there will be division, and, therefore we will not talk on it long—are we to listen to

“The voice of the sluggard, I hear him complain :

You have waked me too soon, let me slumber again.”

**The Two
Branches of
the Subject:**

It is not premature to raise this question. Look back if you please on its history. There are two branches of it. The first may be described as an endeavour to protect ourselves against the hostile tariffs of other nations, either to secure from them some consideration of our interests, some reciprocity in return for all that we offer to them, or else if they will not meet us to say: “Very well, gentlemen, you can keep your own market, you can block us out by your tariff walls, but you shan’t come into ours.” That is the first part of the question, and the second part of the question is the one to which I have specially devoted myself, the question of preferential tariffs with our colonies, in order to increase the sources of supply within our own Empire, in order to make us self-supporting, in order that the British race throughout the world may be independent of foreign supply and foreign assistance.

Is it premature to raise either of these questions? Is it premature to raise the question of retaliation, the question of Fair Trade as it is sometimes called? Why, it was raised in the early Eighties—by whom? By Lord Randolph Churchill, and I observe with some surprise that his son, while admitting this, asserts that in the latter part of his life his father changed his opinions. I was an intimate friend of his father, and I knew a good deal of what he thought and spoke, and while I do not for a moment contest any statement which may be made, after consideration of his papers by his son, yet I say that, as far as I am aware of Lord Randolph’s opinions, he never changed in this respect. The only difference was that in 1883 and 1884 and 1885 he thought he could persuade the people of this country to adopt them, and later on he thought that was impossible. Therefore, as he was perfectly justified in doing, he turned aside to other matters in regard to which he thought he would have more influence on public opinion. Now, that is my view, that has always been my view, as to Lord Randolph Churchill’s opinion.

**Mr. Ritchie’s
Fair Trade
Resolution
in 1882.**

But there was another great authority, Mr. Ritchie, who, at the same time, brought forward a Fair Trade resolution in the House of Commons. Nobody collects that better than I, because I opposed it. It is really a very curious change, a *chassé-croisé*, that whereas in 1883 or thereabouts I was convinced of the extreme importance of, and advocated, free imports, at that very time my opponent was Mr. Ritchie, who was advocating Fair Trade and preference to our colonies. I admit that I have changed my opinion. I admit that I have done so because in my judgment the circumstances have entirely changed in twenty years. I do not mean to say that in 1883 there were not some signs of danger which perhaps I myself perceived, but I do not think at the time there was any ground whatever for coming to the people of this country and asking them to make a great change in their fiscal system.

But since 1883 everything has changed in that direction. Since 1883 this great foreign competition has sprung up. Protective nations have grown up under a Protective system, and instead of being ruined, as men supposed they would be, have prospered more and more. It is a matter of common knowledge, and I do not feel the least humiliation in saying that that fact has had an effect on me. It has changed my opinion as to what it is right to do. Whether it would have been right to do it in 1883, when Mr. Ritchie proposed this policy, I am not quite certain now; but that it is right to-day I have no difficulty whatever in thinking. I have explained my position. I leave it to Mr. Ritchie to explain his. I do not blame him in the least for changing his opinion, but I ask him how, seeing that the arguments he used, at the time of which I am speaking, have now been materially strengthened by the change in our circumstances, he has given up the policy he then supported with incomplete arguments. That is a matter which, as I say, I really do not at present understand. There were many others who were precursors in this policy, and if I had time and it were interesting to go into these personal matters, I should like to consider whether the truth is that I am too late, or that they were too early. My own feeling is that men like the venerable Sir Charles Hammond, late member for Newcastle, and Sir Farrar Ecroyd, and other leaders in the Fair Trade movement were too early: that the dangers which they suspected were real dangers, but they had not manifested themselves at that time. Therefore, the majority of us were unable to appreciate the full force of their arguments.

Let to-day take care of to-day. But now let to-day take care of to-day. Any man who approaches this question in an impartial spirit will have no difficulty in seeing that all these dangers have greatly increased. If they go on increasing in that same proportion, we shall not only have lost our commercial supremacy and find the whole character of this country changed, but in the course of another generation it will be much less an industrial country inhabited by a race of skilful artisans. There will be a smaller population of rich men, on the one hand, and of persons engaged in distributive trades on the other. In itself the country may still be rich, but it will not be a country—I was almost going to say not worth living in—but at any rate not a country to be proud of. Surely it is not premature to raise the question now, seeing it was raised twenty years ago. What about the preferential tariffs and the closer relations with our colonies? (A Voice: “The right thing.”) Yes, it is the right thing. I thought my friend said it was ripened. I was going to reply, “It is ripe.” When the fruit is ripe, and you do not pluck it while it is ripe, it becomes rotten.

But I was going to say that this branch of the question Lord Rosebery also is not a new part of the question. I referred last night to a speech of Lord Rosebery’s made in 1888. I referred to the same speech, I said so last night, in Glasgow. Now unfortunately there has been a misreport of my quota-

tion last night, and I wish to correct it, because I would not for the world misquote anyone, and least of all Lord Rosebery. The quotation as I gave it at Glasgow and as I believe I gave it last night was this: "I do not see that you can obtain the great boon of an Empire, encircling the globe with a bond of commercial unity, without some sacrifice on your part." Now I was reported to have said that you could not obtain the great boon of an Empire without a bond of commercial unity—it was not a quotation—that you could not encircle this Empire with a bond of commercial unity without making some sacrifice. Now really there is no difference, from my point of view, between the two quotations. What I want to say is this, that Lord Rosebery evidently thinks that an Empire encircling the globe with a bond of commercial unity is a good thing. He thinks also that you cannot obtain this without a sacrifice, and then in a previous part of the quotation he points out that if you do not make this sacrifice you may lose your colonies. That is the only argument that I wished to derive from what he said in 1888, and having received this telegram stating that I have been misrepresented I wish at once to put the matter straight.

When I say that this matter is not premature I do not refer to Lord Rosebery at all. I refer, to begin with, to the great conference that was held in Ottawa in the time of, I think, Lord Rosebery's Government. It was after he became Prime Minister, and while Lord Ripon was Secretary of State for the Colonies. At that great conference it was proposed, unless I am mistaken, by an Australian, and seconded or supported by Mr. Hofmeyr, the greatest, I think, of all the Dutch statesmen that have ever held influence at the Cape, and it was supported by members from Canada. And what was the proposal? For preferential trade throughout the Empire for all articles on which taxation was levied. Well, Lord Ripon felt himself obliged to refuse that proposal. I began to raise the question immediately. I made two speeches on different occasions, and then I presided over two great conferences—one the Jubilee Conference, the other the Coronation Conference—of the Premiers of all the self-governing colonies. And this matter of preferential tariffs was before the conferences, was the particular matter for discussion by the conferences, and, as the result of the second conference, a unanimous resolution was arrived at asking the consideration of the Imperial Government to the desire of the colonies that, in return for preferences they were willing to give to us, we should give them the preference in the case of other existing taxes in which they were interested.

What happened after that? Nothing was done!

In Spite of Canada, in spite of this rebuff, gave us a preference of
 Rebuff. 33 $\frac{1}{4}$ per cent. on its duties, and the result of that has been that our trade with Canada, which was falling to nothing, has increased from six millions a quarter in a few years till last quarter it was about eleven millions. That is to say, it has nearly doubled. The Australian Premiers promised to move their Parliaments to give us a similar preference. The matter is still under discussion in

New Zealand and in Australia. The Governments of South Africa, the self-governing and the new colonies, have agreed to give a preference of 25 per cent. Will you bear in mind that all this has been done—without any return of a similar character—that is to say, it is done voluntarily by the colonies? Is it not a mean thing afterwards to say to these men, when they come and ask you for something in return,—“You are asking too much. You are giving nothing, and we are asked to ruin our trade in order to benefit yours?” There is absolutely no foundation for a charge of the kind, which is a calumny on the patriotism and on the generosity of our colonies.

Well, these preferences were the subject of the same Canada and sort of political controversy in the respective colonies as the 1s. a similar proposal has raised in this country. There was Corn Tax. a party in Canada who said: “Why have you given this for nothing? Why don’t you make a bargain with the Mother Country? Why don’t you ask them to give us a preference?” Well, they did ask us to give a preference, and at the last conference the Canadian Minister said: “You have got a corn tax of only one shilling a quarter, which cannot be appreciated in coin of the realm.” (A voice: “A farthing.”) Not a farthing, but less than one-eighth of a penny per quartern loaf. “Suppose it were all paid by the consumers,” he said, “it is of no real consequence, but as a matter of sentiment that shows your feelings towards us, as we have shown our feelings towards you, give us a drawback that will not hurt your people. On the contrary, if you are right in thinking they pay the tax, if you allow our corn to come in free, it will have a tendency to reduce the price, and therefore you will be benefiting the consumers and at the same time giving us a little benefit, and you will enable us to do what we want—not merely to give this 33½ per cent., but also to give you something else. You will move the sentiment of reciprocity throughout the colonies, which will be appreciated there. It will enable us to go with you in this great Imperial crusade, and it will enable us to carry your policy further.”

Well, the late Chancellor of the Exchequer declined that. He was quite ready to take off the corn Mr. Ritchie's tax, but he would not do so to give any preference to the colonies. Some day, before I am done with this discussion, I am going to say a word or two about that. For the moment I merely state the fact. Mr. Ritchie threatened resignation unless he was permitted to take off that corn tax without giving any preference to our colonies. I am not blaming him. I am merely stating the fact, but what was the immediate result? We stood in face of our colonies and said, “Not only will we not put on a tax in order to give a preference to you, but now that we have a tax which does us no harm, does not add one farthing to the cost of the living of any working man, and of which nobody complains, we insist on taking it off for fear we should be obliged to give our own kinsmen a real preference.”

That made the situation critical at once. I knew enough of the colonies to know that, generous as they are, true as they are, loyal as they are, they are very sensitive of your opinion. If you are going to show in

these matters that you care nothing for their opinion—they do not mind your thinking that they are wrong, but they do mind if you will not even give their opinion consideration ; and if you will not meet them in any way, even if it does no injury to yourselves, because of some old pedantic idea of a Free Trader, or Free Importer, who has only become so in recent years, I do not see how you are going to maintain this good feeling which we all are glad to believe obtains at the present time, but which is too precious a gift to be playing any tricks with.

Under these circumstances there was only one thing open to us. We could not afford to lose our Chancellor of the Exchequer the day before the Budget was to be introduced. We had to accept the view which was forced upon us, but we claimed—those of us who thought as I do and others claimed that, under these circumstances, this matter must be discussed by the people. We claimed that this matter must be discussed in all its branches, and thereon it was that Mr. Balfour, making his speech to those who came to him about the corn deputation, and I myself, making a speech at Birmingham, pointed out to the people of this country what were the tremendous issues which were now in their hands, and implored them to consider them before the next election, and in my case at any rate propounded a policy which I believe to be the only one which would maintain our Empire as it is. I think, then, that this matter is not premature. I say that it was quite time that the question was raised by someone. It is a duty, and a heavy burden and responsibility as you can all understand, but I don't think it fell more clearly on any man's shoulders than it did on mine, because for eight years I have been in close communication with these colonies, and have been doing everything in my power without, indeed, doing anything which could by any possibility injure my own people—everything in my power to bring the Mother Country and these countries which I consider part of our common Empire into closer union of heart and of interest.

What are the questions that I have propounded? In Free Trade : the first place my question is whether a policy which, Promise and remember, was based on statements made at the time Performance. that policy was inaugurated, everyone of which statements has been refuted by subsequent experience—whether the time has not come when that policy should be reviewed and reconsidered. You were told—not you, but your fathers, sixty years ago, were told—that if they adopted Free Trade every other country would be a Free Trade country. You were told that Free Trade would not in the slightest degree interfere with the industry of the tenant farmer. It might reduce rents, but his position would be as good as ever. I need not contrast to-day, though I will do so if necessary, the difference between the promises that were made and the performance. I see how it happened. I do not think that it was unreasonable for Mr. Cobden to believe that those would be the results of his policy, only unfortunately they have not been the results actually achieved. When the doctor comes to you and says, “You will take so many pills and in a week you will be all right,” and then at the end of the week you find

you are a great deal worse, don't you think that, under the circumstances, you would go to your doctor and say to him, "I would rather prefer a different prescription?"

Then the second point is this. We are a mild and patient people. There are all sorts of things you can do to the British lion. You can tickle him. You can pull his hair. You can even tread on his tail. But you must be careful. Some day or other there comes a time when

he won't even let you whisper in his ear. For twenty years past—especially within the last twenty years—the foreigners have assumed that the British lion was asleep. They have attacked his markets one after another, and they have made great inroads on him. They have not done this by what is called fair competition, not because they make things better than we do, or because they make them cheaper than we do, but they have done it owing, partly, to the advantage given by their fiscal system, owing to the bounties which they have granted, owing to the trusts which they have created, owing to the fact that, as to many of them, they have not adopted our humanitarian views about the position of working men, and accordingly they have been able to produce more cheaply, because they have got their labour at a lower price. That is what many have done, and as long as it did not appear to produce any effect I do not wonder that the British lion continued to sleep. Now it has produced an effect so serious that there is not a single town in the country in which one or other of the industries has not felt this.

My second question is—how long do you intend to take this lying down? I believe, myself, that a policy of Retaliation and Negotiation. under such circumstances, the policy, in fact, of the Government, is legitimate, is wise, and will be effective. The third point is whether we should not attempt to recover our export trade—I have spoken of our home trade—whether we should not attempt to recover our export trade by negotiation. If we were to go to foreign countries and were to say to them "We are no longer going to allow you to come in free here unless you allow us greater facilities than you have hitherto done" my own belief is, and it is based on considerable knowledge and experience, that, in many cases at any rate, they would be only too glad to treat with you

I have been told by foreigners of great distinction: "We have no enmity to you, but you surely cannot expect us not to take advantage of the open door. We protect ourselves because we believe it is in our own interest, not because we wish to do you an injury. You don't agree with us. You tell us that we are fools. You tell us that we are ruining ourselves, and you therefore prefer to keep your doors open. As long as that is the case we will come into your door. If you are going to take a different line and say that your door will be shut, as our door is shut, then we are perfectly prepared to deal with you. As far as we have got at present we are not prepared to open our door and keep it entirely open, but we keep it ajar, and we shall not complain if you

The Open Door.

keep yours ajar too." That is not a position of hostility, but it is a practical thing. I do not believe there is a man in this country, unless it is one who does not know debit from credit, who would tell us that these foreign countries would not give a penny in order to keep for themselves the biggest of all the markets they could possibly obtain. I pass that as absurd.

My last question, and the most important question
Wanted : a is, whether we succeed with the foreigner or not, can we
Mandate to succeed with our colonies. That is the most important
negotiate with thing. They are the customers that are increasing the
the Colonies. most rapidly—eleven millions of whites, remember,

taking from you £5 or £6 per head, while, I forget, but I think it is two hundred and seventy millions, but it is at any rate hundreds of millions of foreigners who only take a few shillings per head. It is much better if we can increase the number of our customers at £5 than that we should bother ourselves too much about our customers at five or six shillings. I want, therefore, a mandate from you and all the people of this country to give me leave to negotiate with our own people, with our own kinsfolk.

What sort of negotiation is that going to be? We
Misapprehen- are told they will not negotiate. I think that absurd.
sion as to We are told two things. We shall ask for too much, and
Glasgow they will give us too little. There has been a misappre-
Speech. hension as to something I said at Glasgow, and I want
to make this clear, and I ask the Press to convey my
views to the colonies. I want what I say now to go to the colonies.
This is what they say that my proposal is, that the colonies are to enter into a self-denying ordinance, never in any circumstances to extend the number of their manufactures, or to conquer new fields of commerce in competition with Great Britain. Now, facetiousness is all very well, but it goes too far when it gives effect to such a gross misrepresentation as that. Of course, the object is perfectly clear. It is to say to the colonies—who are with me almost to a man—it is to make them believe that I am blind to their natural conditions, to their natural necessities, and that I am prepared to stop their progress, to close it down, absolutely and arbitrarily, in order to secure certain advantages for this country.

I have never said anything of the kind, but it is
I would not printed as having been stated. It is a paraphrase of
Stereotype their what I have said, and I did not mean anything of the
Progress. kind, and nothing of the kind would be possible if I did
mean it. No, sir, the colonists, I think, know me. They
know that under no circumstances do I want to interfere with their commercial freedom, any more than I should like them to interfere with our commercial freedom. We have given them full power to decide for themselves as to what their fiscal policy should be. When we come together in negotiation, we shall see how far we can arrange our fiscal policies to suit mutual interests. Neither has the right to say to the other: "You shall do this or you shall do that, or you shall be blamed if you

do not do it " Nothing of the kind, and in the second place they know that I would not stereotype their progress. They have great notions of the future—small nations now, but in imagination cannot you see what they are certain to become? It is possible that in the life of children now living the population of these self-governing colonies may be greater than the population of the Mother Country. Think not only of the present and ourselves, but think of the future when these great states have become great nations. Whether is it better that you should have travelled with them, and they with you, or that they should be separately established, separately considered, and with separate interests?

Now, I have said what I do not think they will do, **What will** and what I certainly will not ask them to do. **What the Colonies do?** have I said they will do? At present I have not got the mandate, and when we come to negotiate I can speak more positively. Meantime, I only express my opinion of what I think they will do. I think, first, that they will give us such a preference over the foreigner—they would so much rather buy what they want from us than from the foreigner—they would give us a preference which will practically open to our commerce a new field of, at present, twenty-six millions sterling a year, a field constantly extending and which, in a few years, may be worth two or three times as much. That is the first thing, and it is no small thing. But besides this, with an arrangement on our part which will have the effect of stimulating British emigration to our colonies rather than to foreign countries, that will have the effect of stimulating their principal productions and giving greater extension to their agricultural industry—I think that, with all these these things coming as results of the policy that I propose, they will be inclined in all future tariff arrangements to proceed on what I may call natural rather than artificial lines.

By natural lines I mean that our country should, of **Natural lines** of course, be allowed, and, in fact, encouraged to manufacture for itself all for which it has special facilities; but it **Development.** should not be encouraged to manufacture for itself things which would really cost more to manufacture than to buy, things for which it has no particular aptitude and which it may well take up in exchange for other articles which it can more favourably produce. That is my argument, and I put it only as an argument that will appeal to our colonists, who are quite as shrewd and quite as businesslike as ourselves. Between these two things, the preference they will give us over foreigners and that portion of their necessities which they will still be ready to see supplied from us, there will be left to us a constantly increasing trade, which will add enormously to employment in this country and that will benefit the United Kingdom in other ways. It will make full amends for any loss, if there be a loss, which we may suffer in our trade with foreign countries.

Now, if you will give to the British Government the mandate for which I ask they will negotiate with the colonies. I say to those men of faint heart, who think that the colonies will ask too much or

**Mutual
Benefit.**

will be prepared to give too little, do not be alarmed. If that is really their position, if they are as selfish as you think them, as unreasonable as you say they are, we are not fools. In that case the negotiation will come to nothing. We do not ask you, the people of this country, to give anything for nothing, but we say that what you give will be met by what they give, and that the bargain is one that benefits both sides. I have known a great deal about business in my time, and I say I have never cared for a bargain in which I thought I had gained everything. I do not think that is a lasting bargain. There must be something unfair about it, and no bargain is a good bargain which is not a bargain mutually satisfactory. I say there is room, and I shall prove it, in our situation for a bargain between ourselves and our colonies which will be mutually beneficial, which is likely to be permanently satisfactory. I believe that our negotiations will be conducted in a spirit of generous appreciation, and not in a spirit of petty haggling on either side.

For myself I deprecate any attempt to represent the interests of our colonies as hostile to the interests of our own country. I would not say that something that was being done for Lancashire was therefore an injury to Yorkshire, or that something given to Warwickshire was therefore an injury to Worcestershire. What Yorkshire, Lancashire, Warwickshire, and Worcestershire are to this country India, Australia, South Africa, and Canada are to the Empire. What benefits them benefits us. If you benefit any one of us, you cannot help benefiting the whole. The whole depends on the parts. You cannot have one of the parts diseased without the whole suffering. It is impossible to conceive any kind of bargain than can be made which will be to the advantage of any, and which will not be ultimately to the advantage of all.

One word more. All my policy is to be considered, as I have myself represented it, as a broad outline which will enable you to understand the kind of thing I have in my mind. It is not a cut and dried policy which cannot be altered in any detail. I am getting lots of letters which say: "You have said you would put an average tax of 10 per cent. upon manufactures. I am in the thimble trade. What tax do you propose to put upon thimbles?" My answer to all such inquiries as that is: "You must wait till the negotiation begins."

What is going to happen if I am successful, if I carry the people of this country with me, and, above all, if I carry the working classes—the majority of the voters?

Well, what is going to happen is that the Government elected on this principle will immediately have a series of negotiations to undertake. It will have to negotiate with the colonies. For my part I think it would not be bad if the then Secretary for the Colonies were to go to the colonies, and negotiate on the spot. I have no right to complain, at any rate, of my experience, for certainly the generosity of the South African colonists was even more than I could have expected, and I never had, from first to last, the slightest difficulty in making a bargain with them.

Not only have you to go to the colonies, but you have also to go to the foreign countries that are concerned. They must negotiate each a treaty of their own, and lastly—and this, perhaps, is more important than all—if I had anything to do with such a thing I would not consent to move a step without calling in experts from every industry in the country.

I know a good deal of business, but there are a good number of businesses about which I know nothing, and for me to pretend to say whether thimbles should be taxed more than anchors, or, on my own accord and from my own small knowledge, to attempt to draw up a tariff, would be perfectly absurd. Everybody interested, whether in thimbles, in anchors, or in anything else in the multiplicity of trades in this country, would, of course, be glad to assist any commission attempting to make a tariff. Their witnesses would be heard. Everything they had to say would be taken into account, and then, and then only, could we say in detail and with absolute accuracy what each article would pay, or what articles might be entirely relieved. I think you will see the reasonableness of that. At the same time, you will feel that, while it is impossible for me, without the greater influence which I can only gain by means of your good will and support—while it is impossible for me to deal with it in detail, yet I can make out a pretty good case in these broad outlines for a policy that would enable us to defend our homes, which would enable us to draw closer to our friends across the sea.

In my opinion the two great objects which I have in view, the prosperity of the home trade and the closer union of the Empire, are within our reach. We have again and again dropped opportunities that we might have had. Think for a moment. When self government was first given to the colonies would it not have been possible to have arranged all these matters so that we should not have been working one against the other, but should have been working all on the same lines from the first? I think so; but at any rate that is a position which we did not take up and which we now have no opportunity of recovering. In the period which has elapsed what has been the treatment of our colonies? What has been the view taken here? Have not the colonists when they have come here, found themselves neglected, the subject of no interest, asked what their native clothes were, the greatest possible ignorance being shown of the conditions under which they lived. When they have appealed to us, we have told them their policy was nonsense, because it did not exactly accord with ours. We told them that if they did not like our views the sooner they left the better. We have often promoted legislation with the distinct object, as stated by the statesmen concerned, of getting rid of them as early as possible.

We have done all these things, but now at last we have come to our senses. We recognise their importance, and feel ourselves the sympathy and affection which they have shown to us, but we cannot expect that we can altogether fail to feel the effects of our past neglect and

apathy. Now, again, we have, as I say, an opportunity. What is the alternative to the proposal which I make? Where do you find in any single speech which has been made on the other side a clear-cut policy which can be put against mine? No; the policy which is offered to you is *laissez-faire*—let matters alone. My judgment is that this country of ours has let things alone too long. We have been too ready to drift. Now the time has come once more—and I hope under happier auspices—that we may be able to find a policy of our own, may have courage to hold to it, may have the generosity to make sacrifices, if any sacrifice be necessary, and may enjoy the success which we shall deserve, if we maintain and hold such a policy.

Lord George Hamilton

at Ealing.

22ND OCTOBER, 1903.

THE resignation of high office, and the severance of personal and political ties between the Minister so resigning and his colleagues, is always a serious step to take. In my case the wrench was all the more painful, as nearly all my colleagues are personal and valued friends, with whom I have been able to co-operate harmoniously

To explain for many years past. I had been so long in Parliament, Resignation. thanks to your kindness, and so long in office, that I was well aware that, in taking the course I did, in all probability I terminated my official career. I am, therefore, glad to have an opportunity of stating to you fully the reasons which forced me to separate myself from my colleagues, with whom I was on terms of more than cordial amity, and to give up the office, which was not only one of the highest a subject can hold, but which was specially congenial to my taste and temperament. For thirty-four years of my life I followed and served under two great men—Lord Beaconsfield and Lord Salisbury. They were more than official chiefs to me. They took me into their confidence. I thus obtained a rare training and experience, from long personal contact with the two statesmen who were the founders of Imperialism and the reconstructors of the modern Conservative party. Under their bold and sapient guidance the party grew and flourished, until it was converted from a hopeless minority into a great national and Imperial organisation of overwhelming strength. It safeguarded the union with Ireland, and thus maintained our national unity at home; it extended morally and materially in every continent of the world the influence and power of the British Empire.

Tie between Imperialism and Economics. The lesson they taught me—which I shall never forget—is that Imperialism cannot be dissociated from economics, and that the progress and development of the grand idea of Imperial cohesion and unity must be regulated by the cost of the burden it necessitates. Make that burden too heavy and reaction will

inevitably set in. Bred, therefore, as I have been in the very nursery of Imperialism, I am ready to bear witness and advocate sacrifices to bring our Colonies into closer communication with ourselves; but the political and trade advantages to be gained must be commensurate with the burdens imposed. On the other hand, I am not prepared to accept any crude or visionary scheme, which I believe to be economically unsound and politically disastrous, because it is labelled Imperialism on the outside. My views as regards what

Views on Fiscal Reform. is called fiscal reform are equally clear. Though a Free Trader and opposed to Protection, I welcome any expert inquiry into the tariff system of our own and other countries, and I would consider with an open mind any workable proposal by which our negotiations in commercial matters with foreign nations could be strengthened, or our revenue helped. I am ready, whenever it can be shown that a successful attempt has been made to overwhelm British enterprise and industry by artificial and State pecuniary assistance, to take the necessary steps to counteract the subsidies so given, and to secure in our own and Imperial markets equality of conditions for the British producer and manufacturer; and I may, without boast, say that I was in this respect a fiscal pioneer, for it was on my initiation that countervailing sugar duties were imposed in India upon foreign bounty-fed sugar, which was by that assistance injuriously affecting the sugarcane production in India. But upon this question I also, early in my political life, learned a lesson which I do not forget. The bitterness of the great struggle of half a century back, which resulted in keeping the Conservative party for a generation in a Parliamentary minority was due to the ingrained belief of the mass of the community that the welfare of the consuming majority—many of whom were necessarily poor—was sacrificed to the pecuniary interests of a

Consumer v. Producer. minority of producers, many of whom were necessarily rich. The doctrine then laid down—of which I am an uncompromising supporter—was that just as in other political matters the will of the majority should prevail, so in fiscal matters the interests of the consumer must not be subordinated to those of the producer. So soon as, under the advice of Lord Beaconsfield, Sir Stafford Northcote, and Lord Salisbury, this fiscal policy was adopted by the Conservative party, and associated with social reforms at home and a bold foreign policy abroad, the political development of our party was astonishing. But the mainspring of this political regeneration was the abandonment of protection, as a policy, by the Tory party. In referring back to the names of our past leaders, I in no sense wish to disparage the splendid public services of Mr. Chamberlain and Mr. Balfour. No one could have worked with them without feeling an intense admiration for their resource, their courage, and their patriotism; but, if a departure has been made in the first year of Mr. Balfour's leadership from the policy and doctrines of his great predecessors, the burden of responsibility and the onus of proof for this momentous change lies on those who are reversing the action of the two most far-seeing statesmen the Tory party produced during the last

century. The past traditions of our party and leaders cannot be alluded to except as inimical to these new ideas.

Let us now look at the trade and financial conditions of the present year, and see if they justified the launching of this propaganda. We had just emerged from a great war, and the ease with which our fiscal and financial system had stood the heavy strain imposed upon it excited

**Soundness of
our Industrial
System.**

the envy of other great European powers. Quiet and rest were urgently needed by the country in order that there might be time for recuperation. The facts and statistics accumulated by the Government in their enquiry, and contained in this great Blue-book, give convincing proof of the soundness of our industrial system. They record gratifying progress in every direction save one—namely, that part of our export trade to foreign countries which consists of manufactured goods. Let me quote the salient features of this investigation. For the five years ending 1899 the average of our total external trade was £751,000,000 sterling, the highest by many millions ever attained. In the three years that have since elapsed, this trade has increased by leaps and bounds, and has reached an annual average of £867,000,000 sterling, a record increase of £116,000,000 sterling upon the record antecedent. The real test of the industrial condition of this country is not the

**The
Real Test.**

export trade alone, for it comprises only about 16 per cent. of the employment given. The real tests are the total number and the wages of those employed in all the industries, both external and domestic, in this country compared decade by decade. I had a most exhaustive examination made of the census returns of 1881, 1891 and 1901, and the occupations of the people. Taking the great staple trades and occupations, including agriculture, I found that, relatively and actually, employment has more than kept pace with the growth of the population, the figures being as follows:—In 1881 it was 10,680,000; in 1891 it was 12,430,000, and in 1901 it was 13,470,000. Not only were more employed, but they were better paid. As the industrial system of this country becomes more highly developed, so the tendency is to leave the less well organised communities to cruder forms of production. The large proportion of the so-called imports and manufactures into this country consists of commodities which have passed through the primary forms of manufacture, and come to this country to be worked up to a higher standard. Those engaged in these higher classes of work necessarily receive higher wages than those engaged in more rudimentary tasks. The returns of the Income Tax were found more satisfactory. They averaged £744,000,000 for the five years ending 1899, but for the last three years they have grown to £865,000,000 sterling.

It was under conditions such as these that Mr. Chamberlain started his agitation, in the belief that British industries were collapsing, and that unless preferential treatment was given to the imports of the self-governing Colonies, by the taxation of food, the British Empire could not be permanently kept together. Let me here interpolate the

remark that Radical writers do Mr. Chamberlain a gross injustice in assuming that his action has been influenced by personal or partisan motives, or by a desire to swamp other political issues on which popular feeling might be hostile to the policy of the Government. These allegations are wholly untrue. In what he has done he has been guided by high motives, and by a firm belief not only in the necessity for action but also in the efficacy of his schemes. A movement once started by a man of his commanding personality, and with his powers of speech and organisation, must soon attain formidable dimensions. But what perturbed me and those that agreed with me was not merely the growth of the agitation, but the change in its character. It was started ostensibly for the attainment of great, unselfish Imperial objects. It soon became in its organisation, its aim, and the origin of the Scheme, resource purely Protectionist. This placed members who, like myself, though not Protectionists were ready to assist in any impartial inquiry into the dubious or questionable parts of our fiscal system, in a position of great embarrassment. The non-official utterances of a Cabinet colleague did not necessarily bind the rest of the Cabinet, but for us to publicly traverse or question Mr. Chamberlain's utterances would have been most indecorous, and therefore an understanding was arrived at, on both sides, that all public speaking on this question was to be avoided until the Prime Minister could formulate his views and proposals. And thus I was prevented from doing that which I wished to do, namely, to speak to you during the summer months upon this question. All discussions in the Cabinet are secret, and no one can speak as to what occurs unless he receives His Majesty's leave to do so. I have received that leave, which I will only use so far as is necessary to explain my position.

On the last day of the Session the Cabinet met, and we had before us two documents—a pamphlet entitled “Insular Free Trade,” and another document containing the proposals the Prime Minister wished officially to put forward in the name of the Government. Preferential tariffs and taxation of food were included in that programme. We agreed to the publication of the first document. We differed as to the acceptance of the proposals in the second. The discussion was adjourned, and on the 14th of September was resumed. Both Mr. Ritchie and I understood that these proposals were still before us, though we were perplexed and mystified by the turn the discussion at times took. Again we were unable to agree. When the Cabinet was over, the Duke of Devonshire, Lord Balfour of Burleigh, Mr. Ritchie and I met in my room. We fully discussed the situation as we understood it, and we were unanimously of the opinion that we had no option but to resign, and the Duke undertook personally to inform Mr. Balfour of the determination we had all arrived at. One and all of us were then ignorant of Mr. Chamberlain's resignation, and we knew that, so long as he was one of the Cabinet, preferential tariffs could not be altogether dropped. There was another Cabinet the next day dealing with

other matters. We four met again after the Cabinet, and as I was informed there was no change in the situation, I formally Ignorance of Mr. Chamberlain's Resignation. sent in my resignation, which was written in terms making it clear that I understood Mr. Chamberlain was remaining a member of the Government, and that,

in one shape or another, preferential tariffs were to be advocated. I received the following day a friendly acknowledgement of my letter from the Prime Minister. The day afterwards, upon taking up my morning paper, I read, to my surprise, of Mr. Chamberlain's resignation and the correspondence between him and Mr. Balfour. Mr. Ritchie's and my resignations were also gazetted, but our letters were not published. I am quite sure that this was a pure oversight, but the result was that the public believed that the whole Cabinet were aware of the change in the situation, and that, with that knowledge before us, the Duke of Devonshire and we differed. I make no complaint whatever on being out of office. In my own judgment, I had been long enough in office, and I had felt that for some time past, as I was tired and jaded, a change at the India Office might be desirable. There were plenty of able young men coming on, and it was only fair that they should have their chance before they were too old, and I was ready at any moment, upon a hint from the Prime Minister, to resign my office. A Prime Minister has, moreover, an undoubted right to request any of his colleagues, whose presence in the Cabinet is in his opinion or judgment prejudicial to the efficiency or policy of the Government, to resign his office. On the other hand, a Cabinet Minister has an unquestioned right to expect that if he is summoned to decide upon a momentous

Ministers' Rights.

issue, and one which may affect his whole future official and political life, he should be fully informed of the latest phase of the situation. Mr. Balfour, holding the opinions he does, was perfectly right in wishing to reconstitute his Cabinet; but I think it was a pity that more care was not taken to so conduct the procedure of resignation as to prevent all cause for subsequent misunderstanding. Let us hope that this question may now be buried. I have no wish to add to the worries which every Prime Minister must undergo in reconstituting his Government and his policy. The present Prime Minister is an old and tried friend, and it will be my duty to give him as long as I am in Parliament, now that I am one of the rank and file of the party, the same support that I did when I was his colleague.

Preference and Retaliation.

The questions connected with so-called fiscal reform divide themselves naturally into two groups, the first relating to preferential treatment of the Colonies by the taxation of food, the second embracing retaliation, or a war of tariffs for the purpose of breaking down the system of protective duties in vogue in foreign countries. I am in favour of any practical scheme which will politically bind the Empire together, provided the benefits it will give will compensate us for the sacrifices we are asked to make. Let us then see what it is we are asked to give up, and what it is we are to get in exchange, and balance the one against the other.

That is business. Let us eradicate all rhetoric or impassioned appeals to the patriotism and pugnacity of the country from our speeches, and gauge by facts, figures and trade statistics alone the

**An Appeal
to Facts.**

business character of the proposal before us. There is a chart in this Blue-book which describes most succinctly the essence of the industrial advantages and disadvantages of this plan of preferential treatment. It gives in one sheet the fluctuations in the average rates of wages paid in this country for the last twenty-five years, and the fluctuations in the average retail prices of the principal foods consumed by the wage-earning classes. The rise in wages is small—12 per cent. The fall in food prices is more—about 45 per cent. It is this combination, the small actual rise in wages, the great increase of the purchasing power of every shilling in the wage obtained, that has enabled us to hold our own in the industrial competition of the world, and at the same time to clothe, feed, and maintain the artisan and labourer at the highest standard of comfort that prevails in any country in Europe. Foreign countries have many

**Advantages
of Foreign
Countries.**

advantages over us in the industrial race. Their hours of labour are longer; their wages are lower; their home markets are larger; and they are, through their greater expanse of territory, able to supply a far larger proportion of the food and raw material they want than we can. Against these many advantages we have successfully put cheapness of food; but it is said this cheapening of food is not due to free imports, but to increased production and facilities for transport, and the fall in prices has concurrently gone on in Protectionist as well as Free Trade communities. The figures in this book conclusively refute this contention. Up to the year 1880 wheat was cheaper in Germany and France than here.

**Free Imports
and
Cheap Food.**

Those countries raised their duties on food, and notwithstanding their far larger home supplies for the last twenty years bread has been cheaper here than in Germany or France. There is another diagram in this book which gives the fall in the retail prices of food in Germany. During the last twenty-five years prices have fallen there 18 per cent. as against 45 per cent. here, and you have, therefore, in these two figures some idea of how Protection, as opposed to a system of free imports, affects the price of the food of the people. Let me now tell you what this fall in food prices has done in increasing the consumption of bread, meat, and dairy produce among the poorer classes of the community. Some years back I—taking a great interest in this subject—with the assistance of the highest trade experts and statisticians, prepared a paper on this subject, and I then obtained data which enabled me to compare the comparative consumption per head of the population of bread,

**Comparative
Consumption,
1875-1901.**

meat, and dairy produce imported from abroad at different periods. For the earlier period I take the year 1875, for the latter period the year 1901. The consumption of wheat per head of the population in the former period was 152 lbs.; in the latter, 188 lbs. Of flour, 19 lbs. at the earlier date and 61 lbs. at the latter. The consumption of fresh

meat per head of the population was one-fifth of a pound in 1875. It is now 24 lbs. 7 lbs. of bacon and ham were consumed in the earlier period, 20 lbs. now. 9 lbs. of butter as against 19, and 19 eggs as against 49. There is no Imperial question more urgently requiring attention than the deterioration in the national physique owing to the immigration of country folk into the towns, and the unhealthy conditions under which town children are brought up. Is this the time to raise the price of bread, meat, and dairy produce, if by so raising the price you curtail, amongst children, the consumption of the food most calculated to impart strength and stamina? Will you compensate them by increasing the drinking of tea? But the advocates of these taxes on food defend themselves by the plea that the tax is so small that it cannot seriously affect the retail price. It is only five per cent. The income taxpayers are now complaining of the heavy impost put upon them, but 11d. in the £ is less than five per cent. Does it not to that extent affect the purchasing power of every sovereign from which 11d. is extracted? The poorer and lower in the social scale a man and his family are, the larger is the proportion of his income which goes to the purchase of bread. A five per cent. tax on bread is to him an income tax of more than 11d. in the £, and it is a graduated tax falling upon the individual, and in inverse ratio to his ability to bear it.

**Incidence
of the
Proposed Tax.**

And the same argument applies to the taxation of meat and dairy produce; but if you, as a nation, admit the validity of the plea that the British Empire cannot be kept together except by the taxation of food, what guarantee have you that the tax will not be hereafter increased beyond, and far beyond, five per cent? If you once accept the principle,

**No
Limitation.**

not because you like it, but because a limitation is to be put on its operation, the same pressure which made you accept the principle will force you to agree to the abolition of the limit. The wool exporter of Queensland, or the lumberman of Canada, gets no advantage from the present scheme. Why should not these great and powerful businesses receive equality of treatment? I and others object to this tax because we deny its efficiency in accomplishing the object which it is asked to accomplish. If you once admit that the Empire can be only kept together by such taxation, how can you meet the agitation in the Colonies for a higher rate and a wider category of goods to be favoured?

Mr. Chamberlain proposes a two-shilling duty on every quarter of wheat, five per cent. on all meat other than bacon, and five per cent. on all dairy produce coming from foreign countries. The amount of the food produced which comes here from foreign countries is about equalled by the home production and the Colonial imports. Any tax put upon foreign produce will raise the price of all food produce to the consumer, though the taxpayer will only get relief by the amount paid on foreign produce. That is to say, for every pound the consumer pays the Exchequer will only realise ten shillings. This is bad finance. The value of the foreign produce to be taxed is about £105,000,000. Adding a similar amount for

**Bad
Finance.**

Colonial and home produce which is not to be taxed, but which will rise in price in consequence of the tax upon its competitors, the consumer is asked to pay five per cent. per £210,000,000 on his food supplies. This amounts to an increased burden of £10,500,000 to be borne by the Mother Country, and in exchange for what? In speaking on this subject most people forget that Free Trade—that is imposing taxes only for revenue purposes—prevails throughout the whole British Empire except in the great self-governing Colonies. The Colonies who have

The Protective adopted an avowedly protective system are Australasia, Colonies. New Zealand, Canada and Newfoundland. It is they

who are to benefit by the system. It is they who are to give us recompense for the taxation of our food. Let us see what it is they can or are likely to give. They will do nothing to relax their tariffs if by such reduction they will enable our manufacturers to compete with theirs. Mr. Fielding, the very able Minister of Finance for Canada, stated this clearly at the conference here last year, and he repeated that statement in the Canadian Parliament on the introduction of his Budget this year. These were his words: "We frankly state

that we cannot undertake to give that further preference in a manner which would operate to the disadvantage of our own industries, as between the British manufacturer and the Canadian manufacturer. We thought we had gone as far in the way of reduction of duties as we could. We pointed out that Canada consumed a large quantity of goods imported from foreign countries, and in return for the preference we sought for Canada we were prepared to so arrange our tariff as to give Great Britain a further preference, not over the Canadian manufacturer, but over the foreign competitor." Australia holds the same views, for that Continent is, if anything, more protective than Canada. Let us, then, see what is the amount of the imports of foreign goods into Canada and Australia which is to compensate us for raising the price of food in this country. The British Empire and the United States between them almost monopolise the import trade of Canada, taking the figures of 1901, which are the latest I have. Out of a total of £37,000,000 exports these two countries import £32,300,000. I do not believe we can oust the United States from her present position. She produces articles and commodities such as sugar, wheat, tobacco, cotton, and maize which we do not, and her agricultural and mining machinery are better adapted to Canadian wants. The contiguity of the United States and Canada gives her an immense advantage. If,

then, we exclude the United States, the imports of the Estimate of rest of the world for the year 1901 are less than Gain in Trade. £5,000,000. Assuming—and it is a sanguine estimate—that we by tariff arrangements obtain two-thirds, namely £3,500,000, that is the gain in trade preferential tariffs will give us so far as Canada is concerned. The same conditions prevail in Australia and New Zealand. Excluding the merchandise to the British Empire and the United States, the rest of the world import less than

£7,000,000 worth of goods; some of them come from tropical countries. Supposing we, under preferential tariffs, transfer, £5,000,000 of this annual trade to our flag, we only get what Canada can give us, an addition of £8,500,000 to our Colonies, and in return we raise the price by five per cent. on £210,000,000 worth of the food consumed here. The bargain is so one-sided that I am sure the Colonies, from whom this idea did not originally emanate, would not wish themselves to press it upon the Mother Country; but if we are to gain a little from the self-governing Colonies in other parts of the Empire we stand to lose.

The best customer of British manufactures within the Empire is India. She annually imports almost as much as Canada and Australasia combined, and with a period of normal rainfall this amount is sure to steadily increase. But the Indian people are Protectionist almost to a unit. So long as Free Trade is the policy of

India and the Cotton Trade. this country, and we believe that its working is beneficial to the country which adopts it, we have the moral right of imposing Free Trade on India. The cotton imports from Great Britain to India alone amount to £20,000,000; but if Free Trade is to be discarded as the policy of this country, and if the fact that the self-governing colonies have established Protective duties against the Mother Country is to entitle them to preferential treatment, we cannot deny to India the right of following their example. If such a change occurred, the loss in our export trade to India would more than outweigh any increase we might obtain from the self-governing colonies. But the loss does not end here. The cotton exports from this country amount to over £70,000,000 a year. They form a fourth of the whole export trade of the country. Anything which increases the cost of production in this country is fatal to this industry, as its best markets are in the East, where it is, however, in competition with the United States, which has raw material ready at hand with an unlimited supply of cheap industry. Therefore, so far from increasing your export of manufactures, preferential tariffs would, I believe, operate in the other direction.

But will they be politically advantageous? I have worked out Mr. Chamberlain's scheme in figures showing what the contribution of the Mother Country would be per head of the population in the different Colonies. I assume that the price of Colonial produce is enhanced by the amount of the tax imposed here. The result is curious. South Africa gets nothing. Australia 9½d. per head of its population; Canada 2s. 9d., and New Zealand 7s. 8d. Such inequalities, so far from establishing a common bond of union between us and the Colonies, could not fail to lead from caprice of operation to friction, jealousy, and perpetual struggling for retaliation. But now let me say a word upon the financial bearing of this taxation. Many of the advocates of this scheme make the tax they propose to put on do simultaneously two duties, each of which is destructive to the other. The duties on foreign food are so to stimulate Colonial produce as to make us self-supporting

**Inequality of
Benefit to the
Colonies.**

as an Empire. If they effect this object it is clear they will not bring in any revenue from the foreign food they have thus kept out. Yet they are credited with a large income which is hereafter to be a source of permanent relief to you. In a smaller way, home markets are to be pro-

**Incompatible
Claims.**

tected by a 10 per cent. duty on all manufactured goods. If they succeed in their object it is clear the latter will bring in little or no revenue; yet, again, they are credited with a revenue payable upon the present import of manufactured goods. Let us assume preferential tariffs in full working order, and all foreign food excluded. The increased cost of bread, meat and dairy produce is to be balanced by a reduction in sugar, tea and coffee in such a way as to ensure that the present weekly expenditure by the wage-earning classes shall not be raised. This is the bargain made with the working classes to induce them to accept the rise in the price of bread

**Is it possible
to Balance
Food Taxes?**

and meat. Can any Government adhere to it? There are forces more potential than taxation in regulating prices, and every time there is a movement in prices it disturbs the arrangements made. Our system of indirect taxation on food will have to be adjusted in order to secure to the working man the fulfilment of this bargain. Mr. Chamberlain admits that he starts with a deficit of £2,800,000. That deficit will be more than doubled if in his dutiable Colonial food he wholly excludes dutiable foreign food. How is this deficit to be met by a tax of foreign manufactures? Here, again, this tax will be non-existent if they succeed in protecting the home market by keeping out dutiable foreign goods. Where, then, can this great deficiency be made good? Indirect taxation is impossible; direct taxation is alone available. The Income Tax is handy. Is our taxation and expenditure now so low as to justify us in embarking on such a financial experiment? I am a strong Imperialist,

**Financial
limit to Pursuit
of any Policy.**

and I love the Colonies, but there is a financial limit beyond which it is not safe to go in pursuance of any idea or policy. Our Army, Navy, and Civil Service expenditure has risen during the past ten years from £53,000,000 to £98,000,000. That expenditure has been mainly incurred for Imperial objects and services. We have added over £100,000,000 to our debt by the South African war. I accept responsibility for these charges. They were justified, and the country patiently tolerated them for the realisation of Imperial schemes and the consummation of an Imperial policy. The country has borne with patience and resignation these charges; but as soon as the war is over they are told that the Empire, for which they have made such tremendous sacrifices, cannot be kept together unless their food supplies are taxed. I traverse both allegations, and I do so not as a Little Englander, but in the name and for the cause of Imperialism.

Retaliation.

I come now to the other branch of the subject, namely, retaliation upon foreign countries which send goods into our markets free from duty, but whose tariffs prevent commodities we manufacture from gaining access to their

markets. Not unnaturally there is a wish that, either by negotiation or otherwise, a resolute effort should be made by our Government to establish something like reciprocity between ourselves and such nations. I sympathise much with those ideas, and I think the subject might well be inquired into by a body of experts, who shall examine both our tariff and that of other countries, to endeavour to see whether it is possible to draw up a workable scheme which, either for the purposes of negotiation or revenue, could be advantageously adopted. The proposal in this country would be assented to by every member of the late Government, but that was not the policy or the procedure we are asked to agree to. Ever since this campaign has been started the movement has become more and more protectionist in its objects. The Prime Minister asks for liberty of action to put on duties for purposes other than those of revenue, and he adds that, provided he obtains this freedom, he

**The Prime
Minister's
Request.**

considers the use he may make of the power he asks for to be of secondary importance to the country. We traverse both contentions. We contend that all Governments have inherent in them the power of putting on what customs duties they choose, but the limitation of this power is the framing of a scheme which would be of such a character as to secure general support, and not damage the trading interests of the country. To reverse the process, and ask for the restoration of a liberty never lost, and yet decline to state the use to which it is to be put, can only excite undue expectations and disorganise business. Here let me say that, in my judgment, no praise can be too high for the

**"Fiscal
Reform."**

skill and resource shown by the Prime Minister in keeping his party together during the past session. "Fiscal reform"—a happy sentiment coined by his resourceful brain—was the object for which all the Unionist party were working. It was a splendid phrase, as each party put their own interpretation upon it. To a Free Trader it meant facilitating free exchange of commodities; to the Protectionist the reverse. So long as the two parties were balanced, and no favour was shown to one or the other, the phrase passed muster. But when, at Sheffield, there was a resolution in favour of fiscal reform passed and approved by an almost exclusively Protectionist meeting, the hall-mark of Protection was indelibly stamped upon the visage of fiscal reform. The Prime Minister professed himself a Free Trader. He is now the official head of a movement which, if successful,

**Stamped with
the Hall-mark
of Protection.**

must eradicate the principles he professes. Free Trade and Protection are irreconcilable, both in theory and operation, and any attempt to promote Free Trade by having temporary recourse to Protective methods has always resulted in the permanent establishment of Protection itself. We are all Free Traders as to what we want to buy, and all Protectionists as to what we produce and want to sell. So soon as custom duties are put on certain classes of products, you force those who are not favoured by these duties, in self-defence, to establish other similar duties; so the mass of vested interest grows and grows, and becomes ultimately so powerful that the Government of the country in which they are

located loses control of the finance and fiscal system. I am no pedant or fanatic on these matters. A country may flourish, in

No Pedant or Fanatic. my judgment, by other systems. If we never had abandoned Protection we should no doubt be a prosperous country, but we should be a community with a

much smaller population, and our trade would be organised on different principles and be much less in volume than it is now. To attempt to convert our Free Trade system into one of Protection is not impossible, but the process of change will cause a thorough dislocation of trade and business, a rise in the cost of living, and incalculable suffering amongst the population, who could not have remained in these islands if free imports had not been our policy for the last fifty years. There are many people in high quarters who seem to think you have only to blow the trumpet of retaliation and the tariffs of foreign nations will at once

Object of Foreign Tariffs.

collapse. And this idea is founded on the assumption that foreign tariffs are directed specially against us. They are framed not against us, but against all outside competition; the opinion of these countries being that

there is a national obligation imposed upon them to protect their industries and keep out foreign competition. Therefore, in trying to break down the foreign tariff by retaliation, we come into collision with national sentiment, and the contest between the two countries in collision at once assumes the character of an international duel.

Let me state to you what is our tariff treatment by the great Powers of the world. With Russia, Austria, Italy, Spain, Switzerland, and Belgium we have the most favoured nation treatment. France and Germany have a maximum and a minimum tariff. We in both cases enjoy the latter. In the United States we have, with the exception of a few articles, the best favoured nation treatment. We, therefore, enjoy as good, if not better, treatment from Protectionist countries as any Protectionist country has been able by retaliation to extract from other countries.

There have been in Europe lately three great tariff wars.

Three Great Tariff Wars. One between Italy and France, one between France and Switzerland, and the third between Germany and Russia.

Let us see what each country lost and gained by retaliation.

Italy and France did a great international trade averaging annually about £26,000,000 for the eight years ending 1887. A fighting tariff was then adopted by Italy, and promptly responded to by France. Meetings were held in each country, not dissimilar to those held in Glasgow and Sheffield. Great orators appealed to the patriotism of their respective countries, and they were asked if they would take the treatment from their opponents "lying down." So the

Italy and France.

war went on for ten years. The combatants were then exhausted, and were both lying down. Peace was then made, and a return was effected to the conditions existing

before. Upon the lowest computation this tariff war cost the two countries £120,000,000 of trade. Since peace has been re-established the highest

return of the trade between the two countries is only £13,000,000, or fifty per cent. less than it was before the war was declared. The cause of this declension is obvious. If one nation declares a tariff war against another, it forces that nation to raise its tariff against its commercial belligerents. But the tariff is not raised against other nations. They consequently get preferential treatment. So all the time you are fighting to secure possession of a certain market, and inflicting great losses on your trade by so fighting, you are peacefully establishing the trade of other countries in the very market for which you are fighting.

There was a tariff war between France and Switzerland. Their international trade was £14,000,000 before the war was declared.

The war lasted five years. The volume of trade was reduced to £8,500,000. Peace was made; but notwithstanding the losses the war entailed, trade has never recovered its old prosperity, and now amounts to a considerably less sum than it did before the war was declared.

Let me now turn to the great Russo-German tariff war. There are not two nations in the world which seem by nature and providence better designed to do a great international business than Russia and Germany. They are co-terminous for hundreds of miles, and each produces what the other wants. But they quarrelled, and after sparring for some time they got to close quarters in 1893. In June, Russia raised her rates on German merchandise 30 per cent.

Russia and Germany retaliated by putting a surtax of 50 per cent. upon Russian commodities. Russia replied by increasing her tariff 50 per cent. on German goods. The war only lasted eight months. It produced a state of distress and anger on both sides which neither Government dared to face. The peace of Europe was in danger and both Governments were compelled to come to terms; but this war has left in both countries a permanent source of disquiet and industrial unrest. The agrarian interests in Germany resent the lowering of the duties upon food. The industries called into existence in Russia by this excessive protection have, since it was withdrawn, languished and become a chronic source of industrial disturbance.

But there is another danger attached to retaliation, peculiar to the financial position of Great Britain. We are the monetary creditors of the world, and there is a debt of something like £300,000,000 upon which interest is payable in this country by the Government of India. These obligations rank next, in point of credit and price, to the obligations of the Imperial Government, and if India failed to pay her periodical interest, Consols would be a good many points lower than they are now. The balance of trade between India and this country is adverse to the former, the imports into the United Kingdom from India being about £15,000,000 less than our exports to that country. How then is this balance, and the annual indebtedness of India in addition, paid? India exports to America, Germany, France, Belgium, and Italy far more than they import to her, and the last four countries, by the

Monetary
Creditors of
the World.

import of manufactured goods into this country, pay a large proportion of the annual interest due to the British holder of Indian stock. Our international trade is not only a great system of commerce, but it is a delicate and effective instrument by which the indebtedness of the world to us is periodically discharged. To prohibit manufactured imports from these countries may be pleasing to the protected manufacturer, but it will not be appreciated by the largest money market in Europe.

I have so far dealt only with external difficulties. Now let me say a word on the internal and political evils which must result from giving to any government a general power of adopting a war of

Internal and Political Evils. I believe that our party and Parliamentary system is now singularly free from corruption. Can

it remain so if the new policy is pushed in party politics? There is and there must be a certain "*quid pro quo*" for assistance and services rendered. What form will this recompense take for the future? We won a great victory the other day at Rochester. We had an admirable candidate, and under any conditions he was safe. But fiscal reform thrust its malign influence into the fray. There were great cement works at Rochester. They were subjected to competition from Germany; so the contest turned not on the merits of the Unionist and Imperialist cause, but on a tax on cement. When the next election comes, I shall be sorry for the Unionist candidate if there is no tax on the import of cement. The next constituency to Rochester is a continuous hop garden. They have long been subjected to foreign competition. If cement is helped, why not hops? Then there is a constituency of orchards. If hops are aided, why not apples? And so on, it will go right from one end of the country to the other. Political parties will not be supported according to the merits of their creeds and opinions, but according to the assistance the Government of the day could give to the interests of the locality. This is not an imaginary danger. It is what is occurring in every country. I came across two

No Imaginary Danger. remarkable utterances on this subject—one by a great English manufacturer, as to what will happen here, and

the other by a great American publicist as to what has occurred there. The statements dovetailed into one another. The English manufacturer is Mr. Arthur Chamberlain, a gentleman of great business and organising power, and this is what he said at Bolton last month: "Give us Protection, and we manufacturers will show you something in the way of trusts, rings, and syndicates that you little dream of. The Free Trade policy has alone protected the people of England from the proceedings of trusts and rings.

Mr. Arthur Chamberlain's Opinion. Relieve us of foreign competition, and you will have an experience you will not enjoy. Protection would change the entire course of business. With the possibility of getting a duty put upon things which are necessary to your competitors, and the possibility of keeping duty off the things that are necessary to you, lobbying would become more important to the manufacturer than

the slow process of the factory. I can make more money in an evening in the House of Commons by arranging for the taxation of my opponents' necessities, and for the maintenance of a free market for myself, than I can make by honest industry in a month." The well-known writer, Mr. Frankland Pierce, of New York, in a work entitled, "Protective Tariffs and Public Virtue," states: "We have given our legislators power to transfer millions of dollars, from the hands of the people to the pockets of a few hundred Napoleons of finance, by a single Congressional enactment. A more stupendous instrument of corruption was never conceived by the perverse ingenuity of man than this power conferred upon Congress. Place 300 or 400 Republicans and Democrats of proved honesty in Congress, continue them there for a few years, and a considerable proportion of their number will shortly yield to the temptation to make money out of the tariff legislation."

I have spoken to you at great length, and I hope all present will feel, even if they differ from me, that I have not arrived at conclusions hostile to the new fiscal departure without full knowledge and investigation. The situation is perplexing and troublous. If this agitation continues, one of two things must occur. Either Protection will become the fiscal policy of this country, or the Unionist party will be smashed to pieces. I will bear no hand in either catastrophe. There are many here, I understand, who approve and support these new ideas. I can make to them no concession; and, on the other hand, whilst I am more in accord with my Radical opponents upon tariff matters, I cannot abate one jot or tittle of my general political opinions to gain their votes. In political life loyalty is the one attribute I value—loyalty to my party, to my constituents, to my convictions, and to myself. I have found no difficulty hitherto in combining these obligations, and if now they diverge, it is not I who have broken away from the creed and traditions of the past. I have no desire to be in public life unless I am free to act according to my convictions. I do not believe in Protection. If you do, you should get a candidate for the next Parliament who can sincerely give effect to those wishes. Painful as it is to me to make the suggestion, I think that is the only course open to you. For thirty-five years you have sent me to the House of Commons; and in consequence of your unfaltering kindness and support I have received office, emoluments and honours far beyond what I ever expected or believed I merited. Deeply grateful as I am to you for your past favours, I to-night make to you the best return I can. I ask for no vote of confidence nor approval of my past course of action, but I ask you, and I implore you, to think not only for yourselves but for those coming after you; think of, and through, the specious schemes—dangled before you; think, above all, of the irrevocable nature of any decision once come to in support of the proposed change. There is no instance, save one, in the whole history of Protection, in which a nation with representative institutions, having once adopted that

**American
Testimony.**

**One of
Two Things.**

**Irrevocable
Nature of the
Change.**

system, was able to free itself from the fetters so imposed. This country did so change, but it required the awful calamity of the Irish famine to work the revolution. The spectacle of millions of men, women, and children perishing of hunger in an island, and any quantity of food waiting to come in from outside—man's perversity alone standing between life and death—was too much for the national conscience. Ireland's agony broke the fetters Protection had rivetted upon your commerce and industry, and now you are asked once more to handcuff yourselves. I can be no party to that penalising process. If the change be effected, it will not be long before the blighting and withering influence of a retrograde system will be felt by your trade, your employment, your commerce, and your finances. Then, perhaps, you will recall with no unkindly thoughts the advice and warning of one who, for more than a generation, did his best to safeguard and to perpetuate your welfare.

Mr. Asquith

at Newcastle-on-Tyne.

24TH OCTOBER, 1903.

I THANK you with all my heart for the warmth of your greeting, and I assure you it is to me an intense gratification to see gathered here such a magnificent demonstration of the strength and vitality of the Liberalism of Tyneside. We are met, as I understand, not primarily for the ordinary purposes of a political demonstration, though they will not be left out of sight, but we are met to take our share in the defence of principles which we believe to be vital to our national prosperity and our Imperial union; principles which have been suddenly attacked—I say suddenly, because a year ago no one

Mr Chamberlain and the Government.

would have dreamed of the situation in which we now find ourselves—suddenly attacked, I say, by a powerful and formidable statesman, while the Government of the day surveys his operations not merely with benevolent neutrality, but with undisguised sympathy, and do not conceal from us their intention, if the assault should turn out to be successful, and the stronghold should fall, of joining hands in the hour of triumph with the attacking force, and sharing with it in the glory, and, I suppose, in the spoils of victory. It is at first sight a paradox and a novelty that we of the Liberal party should be upon the defensive, while our opponents are for the moment the advocates of movement. But, remember, movement is of two kinds. There is movement forwards, and there is movement backwards, and, for my part, I do not think that Liberals were ever better employed than in resisting, with every means at our disposal, this attempt to drag our country back into the dangers and errors of a discredited past.

Now I propose to occupy a little of your time this afternoon by an examination—a reasoned examination—of the arguments which are urged in support of this new departure in the direction of what I believe to be old fallacies. Let me warn you in advance that the road in some parts, owing to the nature of the subject, is

a little steep and rugged; it is entirely uncarpeted with the flowers of rhetoric; and I must, therefore, appeal in a special measure—

I am sure not in vain—to your patience and indulgence. More than a fortnight ago, Mr. Chamberlain

Protection Up-to-Date. formulated at Glasgow the main articles of this new creed of Protection up-to-date. He has favoured you at

Newcastle, this week, with a second and revised version, with some unimportant additions, with some very significant omissions, but substantially, and in its main features, unchanged. What are these main features? What are the assumptions which underlie this new policy, and which, if they can be shown to be untrue, must bring down with them the whole structure to the ground? Let me state them as fairly and as tersely as I can. In the first place, Mr. Chamberlain tells you that during the last thirty years—quoting his Newcastle words—“our general, our export trade”—observe, in passing, he uses the

two terms as if synonymous—has remained practically

Mr. Chamberlain's Contentions. stagnant; while, at the same time, there has been an alarming influx of foreign manufactures. Secondly, Mr.

Chamberlain tells you that, in the maintenance and extension of our Colonial markets, both as sources of our supply and as places for the disposal of our own goods, is to be found the only remedy, it being assumed—that lies at the very root of the matter—that the Colonies are prepared to give us preferential treatment. Lastly, Mr. Chamberlain tells you it is both practicable and expedient to bring about the result by taxing foreign food and manufactures, and, at the same time, by the remission of the duties on sugar and tea, to secure that no British citizen shall be a farthing worse off. These, I think, are the fundamental assumptions of the new policy. I propose to traverse them all.

May I remark that Mr. Chamberlain has a curious view—which, I think, is singular to himself—of the part which figures ought to play in an inquiry of this kind? He said at Newcastle, “No one denies my facts; all they can do is to quarrel over my figures.” To me, I confess,

the distinction between facts and figures, in a connection

A Novel Distinction. of this kind, is entirely a novel one. For instance, when the question is, as it is, whether our trade during a certain period of time has increased, or decreased, or re-

mained stationary, there, surely, you have an arithmetical problem which can be determined, and determined only, by the evidence of figures. Or take a still more striking illustration. Mr. Chamberlain tells you at Newcastle that when he has removed three-quarters of the duty on tea, you will be able to buy as much for a penny as you could previously buy for twopence. Great

Protectionist Arithmetic. are the marvels, magic are the miracles, of Protectionist arithmetic. Why, by removing a portion, or even the whole of the duty, the selling price of a com-

modity like tea should be reduced by one-half, I should be glad if Mr. Chamberlain would explain. We have to content ourselves with the reflection that, while facts are facts, figures are not facts, but only

illustrations. With this preliminary caution, let me proceed for a few moments to an examination of Mr. Chamberlain's proposals.

First, our "general trade," he tells us, has remained stagnant for thirty years. A day or two after Mr. Chamberlain enunciated this proposition at Glasgow, I took the opportunity of pointing out that, in using general and export trade as though they were convertible terms, Mr. Chamberlain entirely ignores the whole of our home trade, which, according to the estimate of the Board of Trade, measured by the statistics of wages, is from five to six times greater than our export trade. I further

**Steady and
Continuous
Progress.**

pointed out that, judged by any indication you like to take, this home trade has been steadily growing. Look at the income-tax returns, the deposits in the savings banks, the accumulation of capital; look at the rate of wages; look at the purchasing power of a sovereign. Judged by any one of these tests, you have all the indications of steady and continuous progress. Let me give you two additional figures. There is no doubt that during the last thirty years there has been a considerable diminution in our agricultural population, though, let me say parenthetically, the way to bring back the people to the land, which we all desire if we could find it, is not to revive the state of things that prevailed before the repeal of the Corn Laws, when the agricultural labourer had to work for 7s. a week. But, if you take two of the largest industries concerned in our home trade, you will find striking evidence of the truth of the proposition I uttered a few days ago. Take the building trade,

**Building
Trade.**

which is purely a domestic trade. Thirty years ago the number of persons employed was 580,000; in 1901 it was 940,000. Take, again, another trade to which reference has been made by the Chairman, and of which you have a peculiar and intimate knowledge, I mean the coal trade. That trade is to a large extent a domestic trade, because, as you know, it is only a comparatively small proportion of your coal production—not, at the outside, more than one-third—that you export. In 1871, the number of persons employed in coal mining was 315,000; in

**Coal-mining
Industry.**

1900, it was 650,000. So that, taking two typical domestic industries, I show you in one case a growth of 60 per cent., and in another more than 100 per cent.—I need not say to you outstripping enormously the normal increase in the population of the country. These are facts which surely ought not to be ignored, and, cannot be ignored by any fair-minded controversialist, when you are discussing the question of the trade of the country for the past thirty years.

Mr. Chamberlain points to the prosperity of Protectionist countries, which he says has increased more rapidly than our own. He admits that the circumstances of the United States are exceptional. He does not go into the case of Germany—I wish he would—I wish he would tell us by applying what test—the comfort of the people, the accumulation of wealth, the rate of wages, the hours of work, the average standard of life—he makes out that the Protectionist population of

Germany is a more favoured one than the Free Trade population of this country. But since he was at Glasgow, in the interval between Glasgow and Newcastle, Mr. Chamberlain has discovered another Protectionist paradise. It is Sweden. Now, as regards that, only two days ago I was turning over the Consular report for last year from Gothenburg, and a more doleful piece of reading I have rarely come across for years. And, only yesterday, I expect some of you saw it in the papers, there was a letter from a gentleman well qualified to speak, Mr. Bayley, who employs labour both in this country and in Sweden. It was a most significant story. He said they began in Sweden with a small import duty on maize, with the result that their trade in bacon, which up to that time had been a valuable one, was taken away from them, owing to the increased cost of feeding pigs, by Free-trading Denmark, and in the course of twenty years the average cost of living in Sweden had risen 20 per cent. Emigration had increased in the same time 50 per cent.; and, as regards wages, Mr. Bayley tells us that he, employing the same class of labour to do the same class of work, pays 40 per cent. less wages in Sweden than in London. I don't think the example of Sweden is one likely to encourage the working classes of this country to change their fiscal system.

Now Mr. Chamberlain says trade has been stagnant for the last thirty years. I have said that, if you confine yourself to our exports over-sea alone, you cannot judge of the dimensions, and, therefore, you cannot judge of the growth or diminution of our trade, by looking at the exportation of goods alone. We do for foreign countries in the way of trade a great deal more than sending manufactures to them. We

Carrying Trade. perform for them one of the most remunerative of all commercial services—we do the carrying of their goods backwards and forwards over sea. And the Board of Trade estimate is that the annual value to this country of

the carrying services we render amounts to 90 millions. Those 90 millions ought to be added to your exports if you are to form any fair judgment of what they amount to. This is not the academic view of a recluse or an economist. Take the case of the only mercantile country into whose trade this element of sea-carriage enters in anything like the same proportion as ours. Take Norway, which has a large mercantile marine. You find in Norway, if you study the returns,

Two Illustrations. exactly the same phenomena, though on a smaller scale than here. The imports for each year seem largely to exceed the exports. Why is that? Because Norway is receiving, just as we receive, payment for the service of her mercantile marine. Take, on the other hand, the United States of America. Their mercantile marine has dwindled until it is only a half of what it was thirty years ago. What is the result? Other nations have to do their sea-carriage for them, we in particular, and that is one of the great causes why their exports exceed the imports, because they have to pay in the form of exports to us for carrying their goods over the sea. I say you cannot leave out of

account this 90 millions sterling. Mr. Chamberlain never refers to it at all. But, what is still more important, and it is a steadily growing

Increasing Tonnage of British Ships. amount, is that, in the course of these thirty years with which we are dealing, our tonnage of ships has increased by 100 per cent. It has increased from something like five to ten millions of tons, and in proportion to that

increase in the amount of shipping has been the increase in the volume of trade done. I ought not really to labour a point like this on Tyneside, but I should like to emphasise what Lord Durham has said, that it is extraordinary that Mr. Chamberlain should, in this place, have said nothing about coal-mining or shipping. I would like to put figures before you regarding Tyneside itself. This is a question that affects you, and affects you peculiarly. Through the kindness of a friend, I have been able to get one or two facts about the progress of things on Tyneside during the last thirty years. The population has

A Great Shipbuilding Centre. risen during that time 60 per cent., enormously in excess of the general rate in the country; you have become one of the greatest shipbuilding centres in the world; you are, I believe, the greatest centre in the world, and I am told the cheapest, for repairing ships; and the tonnage cleared in the Tyne has risen between 1870 and 1900 from 4,500,000 to 8,000,000, or nearly 100 per cent. Is it not a very odd thing for a great statesman to come to Tyneside to utter a jeremiad over the decay of British trade, to ignore entirely the very industry which, during the last thirty years has been making on your banks such gigantic strides? Well, now, these two criticisms remain, as I say, entirely unanswered.

The third, Mr. Chamberlain attempts to deal with. I was bold enough to say that it was unpardonable on the part of a person of Mr. Chamberlain's position to take, as the starting-point of comparison, the year 1872. I meant, of course, not morally unpardonable, but unpardonable from the standard of intellectual integrity.

Commerce in 1872. Mr. Chamberlain says 1872 was a booming year, and he compares that booming year with 1902, which, he says, was also a booming year. It is rather satisfactory to find at the end of thirty years of stagnant trade you have got to a booming year. It is still more satisfactory for us in these days of our fiscal decay to know that the year 1903 shows vastly improved results even over the booming year 1902. But, as I was going to say, my objection to 1872 is not that it was a booming year, but that it was a year of artificially inflated prices, as was 1873, with the causes of which the economist is familiar, mainly the Franco-German War. If you were to figure out the exports of 1902 at the price of 1872, you will find they work out at an increase of the export trade between the two years of something like 150 or 160 millions. Therefore, it is obvious to the merest tyro that 1872 was absolutely a misleading year. Mr. Chamberlain appears to dimly recognise that when he says, jauntily, he will take any other year.

But does he? With great appearance of argumentative generosity he takes a period of five years. He takes **Quinquennial periods.** from 1871 to 1875 as a starting-point, and 1896

to 1900 as the terminus at the other end. Why, I wonder? You have been told 1872 is a misleading year for comparison; then why substitute for it a period of five years which includes 1872 and 1873, which is still more misleading. It is easy to work out sums in that way. The result is that in the first period the exports were valued at 215 millions, and in the second period at 209 millions, and we have lost 6 millions sterling. But I could do sums like that too. I will give you another sum which is, I think, very much more trustworthy. Instead of the five years ending 1875, take the five years ending 1870, a normal period of uninflated prices, and how does it work out? 172 millions as against 209 millions, a gain of 37 millions instead of a loss of 6 millions. Or, if you take the five years ending 1902, the comparison would be between 172 millions and 217 millions, a net annual gain of 45 millions sterling.

Mr. Chamberlain counters upon me by saying I have made a gigantic mistake. What is it? It consists apparently in this, that I said in calculating the volume and profitableness of our over-sea trade you should take into account the imports as well as the exports. Mr.

**Dangerous
Logical
Process.**

Chamberlain then indulges in a *reductio ad absurdum*, which is a dangerous logical process, because the absurdity is apt to recoil on the reducer. He says—and this is a pretty story—the imports and exports together are 806 millions, of which the imports are 528 millions. Then he imagines a sudden catastrophe, wherein every mill would be brought to a standstill, the furnaces all blown out, even the blacksmiths' shops silent. What would happen? We should, Mr. Chamberlain said, still have the imports as now of 528 millions, although we should be exporting nothing, and we should also have to import all that is at present supplied by home production, and our imports would rise to 1,900 millions, which is two and a half times as much as our present 806 millions of exports and imports combined. One does not know where to begin. It is perfectly true, in the impossible case of the country

**An
Impossible
Case.**

being reduced to a sudden industrial paralysis, that the nation might go on for a short time living on the resources it had accumulated, and importing capital it had invested in foreign countries; but that would soon be over, and after that how is it going to get its 1,900 millions of imports? Who is going to send them here? For what are they going to send them here? Mr. Chamberlain seems to imagine that a vast community of 40 millions of people can go on living indefinitely on a gigantic system of international outdoor relief. Surely he ought to leave imaginations of that kind to economists of the stamp of Mr. Bonar Law, who, apparently, can only account for the steady and continuous increase of our imports over our exports by the hypothesis that we are permanently living on our credit.

Now let us get to the very root of this matter, because Bugbears of here, involved in this proposition, you come across the Protectionism. two great bugbears of the new Protectionist. What are they? The first is the supposed decline of our export

trade, and the second is the increase of our foreign imported manufactures. I think you will agree with me that wherever you come across the Protectionist, in the street, or wherever it may be, these are the two points with which he endeavours to meet you. Let me examine them both. First, the supposed decline of our export trade. As I have shown, it is not a fact, if figures and facts can be taken for this purpose as one and the same thing. It is not a fact that our export trade is declining, or is even stagnant. It is making very substantial and very satisfactory progress—I am speaking of it as a whole. The only way in which, with any plausibility, the proposition can be made out is by omitting our exports of coal. Now, just let me take the case of coal. A very interesting paper has been published this week by the Board of Trade on the subject. The production of coal in the United Kingdom

<p>Coal as an Export.</p>	<p>in 1902 was 227 millions of tons. It is one-third of the whole world's production. Sixty millions of that were exported, and the balance, between two-thirds and three-quarters, was retained for home consumption. I am</p>
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not an expert, I am speaking in the presence of many men much better qualified than I am to talk about this thing; but I say that, of the price of coal at the pit's mouth, something like 80 per cent. ought to be attributed to labour. Is there any other manufacture into which labour enters in a larger degree into value than in the case of coal? And what is the destination of the coal that we export? Some, I believe, think—Mr. Balfour seems to think—that it goes mainly to feed the forges of our foreign rivals. That is not the case. You know better than that. You know that a very large part—some people estimate it as high as one half—of the whole of our export coal goes for the purposes of our own mercantile marine. It is exported to enable British steamships to do the carrying trade of the world from one port to another. And, as my friend Mr. D. A. Thomas has pointed out—and he is a great expert upon this matter—if it were not for the fact that we are able to fill our ships with this exported coal upon their outward journey any homeward cargo that was brought back at all must be brought back at a much higher rate of freight; so that, whatever test you apply, I submit to you that coal ought to be included amongst our exported manufactures.

<p>Protectionist Tariffs.</p>	<p>I do not deny—no Free Trader denies—that Protectionist Tariffs are a hindrance to the natural extension and distribution of the world's industry. They involve, they may involve, particular trades, which are especially aimed at by them, in loss, and even under conceivable circumstances in decay, though I venture to say here—and I hope my challenge will be taken up—that, in nine cases out of ten at least, where you can show an industry in this country which used to export largely and now exports little or not at all, the explanation is to be found not so much in the operation of hostile tariffs as in other causes, such as their defective methods of production and want of adaptiveness. We have often had trotted out on Protectionist platforms, and in</p>
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Tin-Plate Trade. Protectionist newspapers, the case of the tin-plate trade—a very good illustration, too. The tin-plate trade in South Wales was very severely struck by the McKinley Tariff in the United States, because the people there, being then our principal market, were foolish enough to enhance the cost of tin plates to the bulk of the population for the benefit of a small class, the producers, in their own country. What is the result? The tin-plate people, in consonance with the best traditions of British industry, instead of treating their trade as dead and buried, and writing its epitaph, looked out for new fields and new markets, and they have got them; and, though even now the export is not so great as it was ten years ago, the leeway is rapidly being made up, and that trade, partly through the enterprise of those engaged in it, and partly through the additional skill imported into its processes, has once more recovered its position as amongst the great export trades of the country.

Before I finish what I have to say about that, let me just say these two things. Such decline as there has been in certain branches of our export trade was, whether you had Protection or not in foreign countries, to a great extent inevitable, because countries like the United States and Germany, which, as Mr. Chamberlain admits, were in an inferior industrial condition, were bound, as time went on, to develop their resources and provide with their own manufactures what was needed for their own domestic consumption. My second remark is this. The remedy which you hear so much about, namely, retaliation, has been proved by experience to be in ninety-nine cases out of a hundred either absolutely futile, or an actual aggravation of the mischief it was designed to cure. I should like to quote one passage about that from a book which we are all reading, the life of a great man by a great writer. You will find in that great biography of Mr. Gladstone this passage, which describes Mr. Gladstone's experience when he was at the Board of Trade between 1841 and 1845. He says this: "We were anxiously and eagerly

German and American Progress. endeavouring to make tariff treaties with many foreign countries, France, Prussia, Portugal, and the state of our tariff, even after the law of 1842, was then such as to supply us with plenty of material for liberal offers. Notwithstanding this, we failed in every case. I doubt whether we advanced the cause of Free Trade by a single inch." That is the account of an actual attempt to do what Mr. Chamberlain, and indeed Mr. Balfour, are inviting us to do—to use retaliation as a means of negotiation. Mr. Gladstone made another reference to this policy in a speech delivered in Leeds in 1881, when he said, "There is a great Christian precept that, if a man strikes you on one cheek you should turn him the other. But the Protectionist precept is this: that if somebody smites you on the one cheek you should smite yourself on the other." That is, in a nutshell, the whole gospel of retaliation.

Now let me come for one moment to the other bugbear, the increase of foreign imports, particularly of foreign manufactures, into

**Imports of
Foreign
Manufactures.**

this country. Mr. Chamberlain tells you that, in thirty years, the annual imports of manufactures, which could just as well have been made in this country, have increased by 86 millions. He goes on to say that that involves a loss of half, of 43 millions, to the working classes of this country in wages. Well, when one reads a statement like that, one does not know where one is, on one's head or one's heels. In the first place it is not true. It is not true that this 86 millions of manufactures could be just as well made here. A great many of them are things which, under any circumstances, foreign manufacturers could make cheaper and better than we could make them ourselves, and one of the great advantages of Free Trade is that, instead of having to make these things ourselves, which other people can make better for us, we can in our turn devote ourselves to making other things which we can make better than they can, and exchange the proceeds one against the other. In the next place—it is a familiar criticism—a very large proportion of what are called foreign manufactures are only manufactures in the sense that they are raw material in the intermediate state. Something has been done to them, but they are brought here in order that British industry may exercise other

**Semi-Raw
Material.**

processes upon them. Whether it comes here in the shape of hides or leather, as iron ore or pig-iron, it is equally available as material upon which British material and British labour is to be expended. The real truth is that, while there is undoubtedly a constant redistribution going on as between different industries, there is no evidence whatever in this importation of foreign manufactures of any displacement of British capital or British labour. I believe there are many men here who will bear me out, when I say the industry of this country may be more remuneratively employed in performing what I may call the higher and more advanced steps of the processes of manufacture than in performing the earlier and cruder steps.

Our annual excess, according to the Board of Trade, in imports over exports is 160 millions sterling. How are they paid for? In the course of ten years that means 1,600 millions sterling. Has that all been supplied to us, as Mr. Bonar Law seems to think, upon credit? It has been received in payment for goods supplied, for services rendered, and for interest due to the people of this country. So far from the 86 millions, at which Mr. Chamberlain shudders, representing a loss of 43 millions in wages to the British workmen, every halfpenny of it represents the payment for something which either British capital has invested, or which British workmen have expended their industry upon. If any other view were true, it would be difficult to understand how it is that, during the period Mr. Chamberlain selects of thirty years, pauperism has decreased from four and a half per cent. to two and a half per cent., while, if you take the five years ending 1897, and compare them with the five years ending 1902, you will find that the unemployed, so far as Trade Union returns go, have fallen from 5·4 to

**Excess of
Imports over
Exports.**

Effect of Duty on Foreign Manufactures. 3·3 per cent. They talk about putting a 10 per cent. duty on these things. What would be the result? I can tell you in a sentence. If the 10 per cent. duty excludes the foreign goods you will get no revenue from your tax. That, I think, is plain. If it does not exclude foreign goods, the consumer will pay more in the shape of price than he did before, and to that extent the effective demand for other goods will be diminished.

Colonial Preference. I am going to deal very briefly with Mr. Chamberlain's second proposition. At Tynemouth, the other day, Mr. Chamberlain referred to the Canadian preference, the offer of preference by South Africa, and, assuming that Australia and New Zealand are going to do the same, he goes on to say, "Will you bear in mind that all this has been done without any return? Is it not a mean thing afterwards to say, when the Colonists come and ask for something in return, 'You are asking too much'?" I have a very plain answer to that question. If the Colonists were asking—which I do not believe for a moment that they are—that I should assent to a scheme which would increase the cost of bread and meat in every household in Great Britain I should say, "You are asking too much." I will not go in detail into the old and much-discussed question of Canadian preference. Only a year ago Mr. Chamberlain told the Colonial Premiers that, however great its sentimental value, its substantial results had been altogether disappointing. The facts have not changed, certainly the figures have not, between that time and this. In the five years of this preference, English imports into Canada increased from six millions to nine millions, but those from the United States increased from 14 millions to 22 millions.

Part to be Played by the Colonies. Mr. Chamberlain, you will note, does not suggest that the Colonies are going to let us compete on even terms with their own manufactures, and he tells you that the utmost you can hope for at present is to wrest from the foreigner the 26 millions of imports he sends into our Colonies, and out of that 26 millions no less than 16 is trade done by foreign countries with Canada, in respect to which we already receive a preference of 33 per cent. Mr. Chamberlain has watered down his Glasgow proposal that the Colonies should prevent the setting up of new industries which could come into competition with our own—a proposal scouted throughout the whole length and breadth of the British Empire as soon as it was uttered—to one that they should not be "encouraged to manufacture goods for which they have no natural aptitude." Well, that is the doctrine of Free Trade. If you had Free Trade, not preferential tariffs between the Colonies and ourselves, that is exactly what would happen. There is no ground whatever for thinking that the Colonies are prepared to give us a preference that would be of any substantial value whatever to our trade.

One word and one word only as to his third proposition—the new scheme of taxation under which nobody is to be a farthing worse off than before. Will a tax upon bread, a tax upon

**Proposed
Taxes on
Food.**

meat, a tax upon dairy produce—will it or will it not fall upon the consumer? Lord Goschen has shown conclusively, in a speech which Mr. Chamberlain made no serious attempt to answer, that it will and that it must. But Mr. Chamberlain himself, although he does not appear to be aware of it, implicitly admits that it does. I am going to put these two questions to him, which I hope he will oblige me by answering. If the taxation does not fall on the consumer why does he exempt maize, and why does he exempt bacon? Now we are fortunate enough to know the reason, because Mr. Chamberlain has told us why he has dealt with these commodities in an exceptional way. Maize, he says, is the food of some of the poorest of our people; bacon is a staple food of the majority of the population. But if the consumer does not pay, if the foreigner pays, why should not the foreigner pay on what is the food of the poorest? That is my first question. I am going to put him another, which I hope he will also answer at the same time. Why, if these taxes do not fall on the consumer, does he take credit for the gain which will accrue to the consumer when he removes the tax on sugar and on tea? If the consumer does not pay what advantage is it to him?

One final criticism I will make upon the scheme. How is it going to be set upon its legs and brought into practical action? Mr. Chamberlain told us at Tynemouth, and it is a most extraordinary process. First of all, there is to be a gigantic conference of all the trades of the United Kingdom. Capital and labour, masters' federations and workmen's unions, every rank and stage in the hierarchy of production, from the highest to the lowest, from coal and iron, cotton and wool, down to the makers of thimbles and the stuffers of dolls. They are all to come together through their chosen experts, each is to urge the interests and claims of his own industry, to present the irreducible minimum of the preference which it demands or will accept. Think of it! Think of the tumult of voices! Think of the jostling of interests! Think of the intriguing and the lobbying! Think of the irresistible temptation to enlist on the side of this or that industry every form of social or political influence! And out of all this tangle and rivalry, out of this confused competitive chaos, some serene and impartial power is to evolve a tariff which will satisfy everybody, which will disappoint nobody, and which will establish an even preference for all! But that is only one side of the picture. Side by side with the Conference of Trade you must have a Congress of the Empire. Australia, New Zealand, South Africa, India, the Crown Colonies, all must be represented. They in their turn, and

**Antagonistic
Interests.**

from their separate points of view, are to elaborate a scheme which will reconcile the divergent and antagonistic interests of different parts of the Empire. They will not be content with the crude proposals of Glasgow. You will find, as I have proved more than once, what neither Mr. Chamberlain nor his followers have attempted to answer; you will find you

cannot make an approach to an effective and equitable system of Preference unless you tax not only the food, but the raw materials, from foreign countries. Well, then, gentlemen, the results of these two

Bickering
and
Jealousy.

confabulations are to be brought together for final harmony. What a vista of bickering and jealousy! And what a prospect for the future of mutual misunderstanding and endless series of demands for reconsideration and revision. And what is the *corpus vile* upon which this gigantic experiment in political vivisection is to be tried? It is not one but two of the most complex and delicate organisms in the world—British trade and the British Empire. I venture to say to these rash practitioners, not only in your name, or in the name of the Liberal Party, but in the name of the country and the Empire, “Hands off!”

While we oppose with all our force these ill-considered proposals, fallacious, as we believe them, in argument, disastrous in practice, let no one suppose that the only alternative is to wrap ourselves in the inertia of a complacent optimism. We Liberals do not deny, we assert, not for

An
Alternative
Policy.

the first nor for the hundredth time, that both in the industrial and social spheres there are evils which cry aloud for redress. We want, first and foremost, a reconstruction of our educational system from the bottom to the top, upon a just and even and democratic foundation, and adapted in all its stages to the requirements of our trade, our country, our age. We want, further, a serious attempt to grapple with the problems of the tenure and the taxation of land, both in the country and in the towns. Above all, we want the substitution of insight and foresight, of prudence and economy, for waste, for rashness, for blundering, in the framing and conduct of our national policy. We want a change, both in spirit and in method, both of measures and of men. In a word, we want a new Parliament and a new Government, and with them the opening of a new chapter in the fortunes of our Empire.

Mr. Chamberlain at Liverpool.

27TH OCTOBER, 1903.

I DESIRE to express to you the hearty thanks of Mrs. Chamberlain and of myself for the cordial welcome which you have given us to Liverpool, and to say that while I come here with great pleasure to talk to you on what I think to be the most important controversy of our time, I am especially pleased to think that I come at the invitation of a great working men's association. I shall tell you why directly, but in the first instance I want to put before you the position at which we have arrived. What is my case? What are the arguments by which I support it? What are the objections of my opponents?

Well, my case is that the trade of this country as measured—and I think it right to be mainly measured—by the exports of this country to foreign countries and to British possessions, has during the last twenty or thirty years been practically stationary, that our export trade to all those foreign countries which have arranged tariffs against us have enormously diminished, and at the same time their exports to us have enormously increased. Then it is part of my case that those foreign countries which have adopted Protection have, in the elements by which you have been accustomed to test the prosperity of a nation, improved in a greater ratio and more rapidly than we have ourselves; and I have also to point out that this tendency which has become so manifest in recent years is likely, as every sensible man of business knows, to be accentuated as time goes on. Whatever may be our losses now on possible trade, our losses in the future are likely to be much greater if we continue our present system. And the reason for that is obvious.

Not only are the old causes continuing to exist, but new causes are coming into operation. There is that process the name for which we have borrowed from the United States, and which is known to you as dumping. What is Dumping? The fears which I have expressed with regard to it have been described—humorously described—by Mr. Asquith as dumpophobia. Well, I admire humour myself, I indulge in it occasionally, but when

a lawyer tries to be humorous about business, and knows nothing whatever of the subject, then I think I have not a high appreciation of his jokes. What is dumping? Dumping is the placing of the surplus of any manufacture in any country which is able to take it. Dumping takes place when the country which adopts it has a production which is larger than its own demand. Not being able to dispose of its surplus at home, it dumps it somewhere else. Now England, the United Kingdom, is the only country where this process can be carried on successfully, because we are the only country that keeps open ports. Every other country, all the great countries that is to say, if dumping takes place, immediately put on a tariff, large or small, to keep out these dumped articles. The peculiarity of the situation is that they are not sent in under conditions of fair competition. Their surplus stock is being got rid of below cost price, and just as you find a great surplus sale of some gigantic emporium may have the effect of ruining all the small shops in the neighbourhood, so that surplus sale of the products of all the producing countries in the world may very well ruin the trade of this country.

Now, a curious thing which Mr. Asquith does not seem to appreciate—a curious thing to him, but not to us—is that dumping only takes place seriously where the country that has recourse to it is in a state of depression.

As long as any country is able to take up all its own supply for its own demand it does so, but when the time comes that trade is depressed, either in Germany, or in the United States, or in any other of these countries, then under our present system they do not do what we do under similar circumstances. They do not close their shops, blow out their furnaces, shut up their factories. No: they go on making in full proportion at the lowest possible price, and they sell the surplus for what it will fetch in England. A very good policy for them, a very bad policy for us, and as I look forward, in the ordinary course of things, to a time of depression which will follow a time of prosperity, which we have recently enjoyed, I think before very long Mr. Asquith may discover that dumpophobia is something really to be afraid of and not to be laughed at.

Now, there is only one other fact to which I need call your attention as part of my case, of the foundation which I lay, and that is that during the time in which these changes in the conditions of our trade have taken place, which we have seen recently—and I fear still greater and more unfavourable changes in the future—the only thing that has really given us encouragement has been the continual growth and prosperity of our trade with our colonies. In almost exactly the same proportion with which the trade with these foreign protected countries has continuously fallen off, trade with our colonies and possessions has continuously risen, and if we have good trade to-day—if the last year, 1902, was one of the best years that British trade has known,—it is not thanks to the foreign trade, which has decreased, but it is thanks to the colonial trade, which has increased.

Increasing
Trade with
the Colonies.

How do I propose to meet this state of things? I propose, in the first place, to meet the foreigner with his own weapons. I propose to treat him as he does us, until he treats us better, and I propose to treat our colonies better than we have hitherto done. And in connection with this I hope for something greater, in my opinion, even than increased trade, greater certainly than material prosperity. I hope to lay firm and deep the foundations for that Imperial future which fills my heart when I look forward to the history of the world. We shall unite the British Empire not merely by a bond of blood and sympathy—that already exists—but by that bond of commercial union which everyone, to whatever party he may belong, everyone who had studied this question admits to be necessary if the union is to be permanent.

Now I confess in connection with this, I read the other day with very great pleasure the report of a speech made by my friend—my political opponent, but my personal friend—Sir Edward Grey at, I think, Alnwick on October 24. Sir Edward Grey describes himself as a Liberal Imperialist. I accept his description. I do not doubt for a moment that he is as loyal to the Imperial idea as I am myself. But he has not had my eight years' experience of colonial administration; he has not had it burned into his brain and mind that this was the time, that this was the critical period, during which we might lay the foundation of which I have spoken, and which, it once lost, might leave us with irretrievable mischief done against even our will, but mischief which never could be undone.

He does not know all that. How can he? He is not to blame for it; but what he said was this: "If he could see a chance of all barriers throughout the Empire being thrown down, so that there were no barriers within the Empire, he would say there was something to make sacrifices for. If we could get a nearer idea of Empire, which had no barriers within itself, but which raised duties on foreign goods only, then he thought there might be an ideal for which there would be a great deal to say." That is my ideal. I hope we all have ideals which are higher at times than anything to which we can possibly attain. That is my ideal, but I know as a practical statesman that you cannot realise any such ideal as that in the twinkling of an eye, by the waving of a wand. You must proceed to it step by step, and the proposal which I make to you is a step—and a great step—towards the Imperial Free Trade throughout the Empire which is no doubt the ultimate object of our aspirations, but which at the present moment is impossible. And therefore, though at present Sir Edward Grey is unwilling to follow me, I think, after reading what he has said, it can only be because he has not understood that what I propose is only a step to that ideal which he and I have in common.

I have put before you, as shortly as I can, the reasons for the course I am taking, the proposals I make. And now what are the objections? I deal with them briefly—they are practically two. In the first place that everything

Two
Proposals.

This, the
Critical Period.

Step towards
Imperial
Free Trade.

Objections
to the
Proposals.

is for the best in the best of all possible worlds, that everything is thoroughly satisfactory, our prosperity is so great we should not try to make it more, and so on. Well, perhaps if I were talking—I hope I am talking to some Liberals and Radicals—but if I were talking to an audience exclusively composed of Liberals and Radicals I should say to them:—“ If that is your view, if you are so stationary that, having attained to what you think a satisfactory position for yourself, you are not going to take any step to make that better, well, where is the difference between your moderate Radicalism and the oldest and most rabid form of Toryism in days long gone by ? ” But let them argue that with their own people. I do not believe that, in my lifetime at any rate, and I doubt whether for many centuries afterwards, the world will ever be so good that it will not be possible to make it better.

But a second argument against these proposals—one
 Cost of Living. on which they dwell in every paragraph, in every paper,
 A Pledge. in every poster on the walls, in every speech of every man
 and every woman who speaks, from the top to the

bottom—is that this is going to lead to a time of dear food. I shall have time, before I leave Liverpool, to say a word or two more on that question of dear food, and to-night I will only say this, that I ask you to take my pledge, and to believe in my sincerity when I give it, that if you accept my proposals as they stand I pledge myself they will not add one farthing to the cost of living of any family in the country, and, in my opinion, in the case of the poorest families, they will somewhat reduce that cost. Now, that is the text. That is the subject on which I have been preaching in some of the great centres of population, and now, coming here at the invitation of a working-class association, I am going, as one principal part of my speech, to ask you to consider with me why the working-man, and especially why trade unionists, should support the proposals which I have put before them. I want to guard against it being supposed for a moment that now, or at any time, I am going to appeal to any class interest or to any one class as against any other. If I am right, every class in the country will be benefited by reforms which will give increased work and the enjoyment of increased employment to the poor, and I dare say increased profit to the capitalist.

But I am right to begin with the working classes in
 The Support of Working Men. the first place, because they are the most numerous.
 That counts for a great deal nowadays. Now that you
 are all represented, the vote of a working man counts for
 as much as the vote of a multi-millionaire ; and, in the second place,
 because, under these circumstances, if I don't convince the working
 classes I am absolutely powerless. I can do nothing without you.
 That is why I rejoice at the cordiality of your reception. Sometimes,
 indeed, in the course of the great crusade which I have not willingly
 undertaken, but because I thought the duty was thrown on me—
 sometimes I say I have felt as though I stood alone, fronting hosts of
 enemies, but I am encouraged by the thought that behind me there is a
 great multitude which no man may number, who give me their sympathy

and who will give me their support. Now, why should you follow the advice which I tender to you? Well, in the first place, because, thank God, the working men are now, as they always have been, patriots; because they, to whom every additional expense counts for more than it does to other classes, yet always put first in their creed the welfare of the Kingdom and the welfare of the Empire. It is not a selfish support which they tender to me. And at the same time their interest will be served by a policy which is also a patriotic policy.

What is the whole problem as it affects the working classes of this country? It is all contained in one word, Employment. Cheap food, or higher standard of living, higher wages—all these things, important as they are, are contained in the word employment. If this policy will give you more employment, all the others would be added unto you. If you lose your employment, all the others put together will not compensate you for that loss. Now, it is rather an interesting thing, which seems to me to have escaped altogether the attention of any of my opponents, who probably have not read the history of the Anti-Corn Law movement, that when Free Trade was carried out the working classes were neither represented nor consulted. I don't say that that makes Free Trade good or bad, but it is a fact that the movement was a manufacturers' and a middle-class movement.

The leaders of the movement, or some of the Fiscal Policy and Wages. leaders of the movement, admitted that they thought it would enable wages to be kept at what they called a reasonable level. They thought that it would give cheap food, and that if the labourer had cheap food he could afford to work for lower wages, and that they therefore could afford to carry on a competition with which they were threatened in the goods they manufactured. And it is rather curious to remember that long after Free Trade was carried, even as late as 1888, Mr. Bright, in writing to a friend in America, and protesting against the doctrine of Protection, points out to him if the Americans made Protection their policy they would have to give higher wages to their working classes. Higher wages and shorter hours! Well I do not think that that would be a disadvantage in any case. But what I want to point out is that, rightly or wrongly, the leaders of the Free Trade movement believed that the big loaf meant lower wages.

Well, then, there is another thing. At the time of the Chartists Free Trade agitation what was the action of the Radicals opposed to Free Trade. of those days? The Radicals of those days were represented by the Chartists. The Chartists were entirely opposed to the Free Trade movement. They said that they alone had the right to speak for the unrepresented classes, that Free Trade was a red herring drawn across the path of electoral reform, and they invited their followers to spurn and scorn this action of the Anti-Corn Law hypocrites. Well, I do not think that was just. I do not think that the leaders of the Corn Law agitation were

hypocrites at all. I believe they sincerely thought that what they were doing was for the good not only of the manufacturers and middle classes, but also for the good of the working classes. But the interesting point is that at that time the working classes, who, as I say, had no Parliamentary representation, through their leaders declared that the thing was only an attempt to draw a red herring across the path, that it was for the benefit of the manufacturers, but that it would not be for the advantage of the working man.

Responsibility rests on the shoulders of workmen. Fortunately, no condition of that kind can ever again occur in this country. The working classes are represented now, thanks very much to the efforts of one of the great Free Traders, my old friend and colleague, Mr. Bright. I am not certain whether Cobden ever took much interest in the movement for electoral reform; but Mr. Bright made it one of the objects of his life, and it is largely due to the efforts of Mr. Bright, who went out in his time, as I am now doing, alone to speak for a policy in which he believed—it was largely due to Mr. Bright that the working classes have the franchise at the present moment. And what follows? You have the franchise, you have the majority of votes, and you can say yes to this policy or you can crush it. The responsibility, therefore, is yours. It no longer rests on the minority. It does not rest on the aristocracy, or on the House of Lords. It does not rest on the middle classes; it rests on the shoulders of workmen.

The duty of a leader. There is, indeed, still one responsibility which rests on us and those of us who call ourselves statesmen. We have been by your votes selected for positions of leadership. It is the duty of a leader, if he has come to any conviction, to express that conviction as clearly and as plainly as he can to those who are indeed his masters, and who should listen to the leader whom they have chosen. It is his duty to do this, even though in doing it he may lose any little popularity that he may have gained, even though in doing it he puts an end to his political life. I have the satisfaction of thinking that in attempting to do this you will, at all events, justify my good intents.

Appeal against the Trades Union Congress. Now, I have an idea that the working classes of this country are on this question more advanced than many of their leaders. If so, we shall win. I care not who is against us. The Cobden Club may rage furiously in all the languages of the civilised world. The Free Fooders may imagine vain things—but we shall win the victory. Ah! but it is said, “How can you expect to do that when the Trade Union Congress has passed a resolution against you?” Well, that is quite true; but I recollect that there are many trusted leaders of the working men, both of trade unions and of other organisations, who do not share the views of the Trades Union Congress, and, therefore, great as is their authority, I humbly venture to appeal against them to you, to appeal against the officials to the men who appointed them, and gave them their power.

And I think I may say, in the first place, that to me it **Mr. Cobden's** is rather an extraordinary thing that these trade union Attitude. officials, acting apparently on the instigation of the Cobden Club, have prepared a manifesto, and circulated it through the Cobden Club, against these proposals to which I am asking your attention. Why should they do it through the Cobden Club? The Cobden Club was formed to honour the memory of a man whom we all know to have been a sincere man, whether he was right or wrong, and always deserving of the respect of his fellow-countrymen. Yes, he was all that; but he was not a friend of trade unions. Mr. Cobden himself said, speaking in 1844, just before the repeal of the Corn Laws: "Depend upon it nothing can be got by fraternising with trade unions. They are founded upon principles of brutal tyranny and monopoly. I would rather live under the Dey of Algiers than a Trades Committee." Well, surely, to actually use a club founded in memory of a gentleman who held those opinions, and for the propagation of his views, is a strange thing for trade unionist leaders of to-day.

Now I want you to bear in mind that Mr. Cobden, **Free Trade and Trade Unionism** from his point of view—from the Free Trade point of view—was perfectly right. I want you to bear in mind **Irreconcilable.** that it is absolutely impossible to reconcile Free Trade with trade unionism. You can have one, or you can have the other, but you cannot have both, and I am glad to say that in saying that I have the support of a trade unionist with whom I have disagreed on almost every other question—Mr. Keir Hardie. Mr. Keir Hardie, speaking in the House of Commons, said: "Free Trade in the abstract is all but an impossibility; there is no member of this House who supports trade unionism who can claim to be a consistent Free Trader." And then he goes on to say: "Trade unionists of this country have no intention of allowing the sweating and underpaid labourers of Continental nations to enter into competition with them." Is that your opinion? Well, they are brave words. You won't have them? Well, then, you will not be Free Traders. There is no getting out of the dilemma. The gentlemen who oppose me because they say I am a Protectionist, and who then go down to the House of Commons and, in order to catch working-men votes in Radical constituencies, declare themselves supporters of the restriction of alien immigration, of the prohibition of sweated and prison-made goods, of shorter hours, and so on, these men—well, they are inconsistent.

The Trades Union Congress was not always of the "The demon opinion of the Congress that met this year. In 1888 the of cheapness." Parliamentary Committee offered a report in which it spoke of "the demon of cheapness." The present Trades Union Congress made a god of cheapness. The Parliamentary Committee in 1888 spoke of it as a demon. "The demon of cheapness has pervaded our whole system, and while the cheapness of goods has been a matter of wonder, purchasers seldom or never give a thought

to the human blood and muscle that has been ground up in the production of the article." That is admirable, and if I had time I could preach a sermon from it. I think it would be well to preach that sermon before the present Trades Congress. My first point, therefore, is this, that it is not only the consumer you have got to consider. The producer is of still more importance, and to buy in the cheapest market is not the sole duty of man, and it is not in the best interest of the working classes.

Legitimate objects of Trade Unionism. Now, what are the legitimate objects of trade unionism? In my opinion there are five. In the first place to enable working men, by union and combination among themselves, to meet employers on equal terms, and to bargain with them. If there were no trade

unions and no combination, capital would be too strong. Labour would be at the mercy of capital, and it is to prevent that, among other things, that trade unions were founded. Then the next object is to secure the highest wages which are consistent with the conditions of each trade, to raise the standard of living, and to prevent unfair competition, to insist on proper precautions for the health and safety of those employed, and, lastly, to provide for those of their fellows who, owing to temporary illness or misfortune, are deprived of their means of livelihood. Now, those are legitimate objects, in my judgment, and I heartily approve of all of them, though I have not always been able to approve of all the methods by which they have been sought to be obtained. But one thing is certain, while we have done much to secure these objects, while the mass of the people, to whatever class they belong, have sympathised with them, and have passed legislation such as the Factory Acts, the Mines Acts, the Truck Acts, the Compensation to Workmen Act, the fair wages clauses, the prohibition of prison goods, and a number of other minor Acts of the same kind, every one of these measures is opposed to the strict doctrine of Free Trade.

Free Trade says you are to buy in the cheapest market.

Free Trade Doctrines. Free Trade says you are not to interfere with the freedom of independent men, not to prescribe to an employer what he shall or shall not do, but leave him free to bargain as he likes with his workpeople, and, on the other hand, you are not to make combinations which tend in the slightest degree to destroy the liberty of the workman to sell as high as he pleases. Those are the doctrines of Free Trade, and all these doctrines we have put aside now for twenty years, in our endeavour to benefit the condition of the working men and to raise the standard of living, and it is a little too much now to come down and tell me that I am a heretic, that I ought to be put out of the congregation, forsooth, because I will not allow to be sacred and inspired these doctrines that those who accuse me have abandoned long ago.

Present legislation futile by itself. But there is another most important point which I want working people to consider. Grant all this legislation and much more of the same kind, I warn you it will be absolutely futile unless you are prepared to go

further. What is the good, I ask in the name of common-sense, of prohibiting sweating in this country if you allow sweated goods to come in from foreign countries? If you insist on limitations of hours and on precautions for security, bear in mind that all these things add to the cost of production, to the difficulties of the manufacturer in selling his goods, and unless you give him some increased price, some increased advantage in compensation, then he cannot carry on competition any longer—all these conditions in the long run will result not to your advantage, for you will have no work to do, but it will conduce to the advantage of the foreigner, who is not so scrupulous, and who conducts his work without any of these conditions. I say, then, if it were possible to calculate exactly what these precautions cost, over and above similar precautions taken in the other countries with which we are competing, we should be justified, without the slightest infraction of the true principles of Free Trade, in putting on a duty corresponding to that cost.

Again, take the case of the fair wages clause. I saw the other day that in the regulations of the London County Council it is provided that the wages and hours to be paid by contractors under their contracts are to be such as are current and recognised by the trade of the district. Very good, I am making no objection. I believe similar regulations exist in all the Government departments, but these regulations do not apply to goods which are brought in by foreigners, and what is the result? The other day Vauxhall Bridge was to be repaired. The committee which dealt with the matter recommended, as I am informed, to the London County Council that only British material should be used. Surely that was fair. That is to say, if you will impose on British manufacturers all these conditions you must either impose the same conditions on foreigners or you must say you will not buy foreign goods. But the recommendation of the committee was rejected by the County Council, and I am told that two Labour members voted against the recommendation of the committee, and that accordingly, while requiring all these conditions for British contractors, the contract is thrown open to foreigners if they choose to compete.

I don't know, I have not been informed in regard to Tram rails the particular contract, or who took it, but I have been from Germany. told that £41,000 worth on one account and perhaps more on others, of tram rails were bought by the London County Council from Germany. Very well, now will you please follow that up. I am not blaming the London County Council: they considered that they had only got to look in the narrowest way to the interests of those whom they represent, and accordingly they bought in the cheapest market according to the Cobden Club maxim. Now, how much did they save on that £41,000? I should judge they may have saved £1,000. I do not know, but I will take it at £1,000. Yes, and how much did their country lose? To make that £41,000 worth of rails £20,000 of wages were wanted. And where did they go to? They went to Germany or abroad, and they might have been

spent in this country. That is being done all over the country, and if I wished I could give you plenty of instances. In every case the gain is small, but the loss, if you look at the country as a whole, is very great.

Cheap Labour. Now, look at this thing in another way. You are to buy everything in the cheapest market. On what ground do you say that we should not buy our labour in the cheapest market? Well, everybody knows that there are countries—I won't name them—in which labour is very much cheaper than it is here. Why should we not import the labour to any extent? I am one of those who for many years have voted and spoken in favour of the regulation of alien immigration. I don't want to prevent it altogether, but I want a man who comes practically a pauper to these shores to show that he can be, and will be, a useful and a profitable citizen. I would like, therefore, to apply tests to those who come; but how can I do so? With what reason, with what sense, could I make a law and restrictions if, while I keep out the labourer, I let in his goods, if I allow the man who makes this slop clothing, or whatever it may be, at starvation prices—if I keep him from working in Shoreditch, but allow him to work at some other place—which, again, I will not name—and thence send to me the goods which he has made at these ridiculous prices?

Hope of more Employment. Well, now, what is the conclusion of this branch of the matter? If protected labour is good, and I think in many ways it is—that is to say, the fair protection of labour—then it is good to protect the results of labour.

And you cannot do the one without the other, or else in trying to do good to labour you will do it much more harm than good; and if it be good, as I think it is, to support objects of trade unionism, then I say those objects can only be secured, can only be permanent, in our system as long as we can offer to the bulk of our workpeople, to all those who are willing to work, constant and remunerative employment. And as long as we have got large numbers of people who would work if they could, but cannot find work to do, so long it is useless to talk of raising wages, or restricting the hours of labour, or putting on manufacturers additional cost which they cannot afford to pay. The only result will be that you will still further destroy the employment which already obtains. Now, I hope to give you more employment. I hope to do so by keeping, in the first place, a firmer hold on home markets; I hope, in the second place, to do so by having something to bargain with when we trade with foreign nations; and I hope, in the last place, to do so by encouraging the best of our trades, the trade which is most profitable to us in proportion to its size, the trade which is increasing most quickly, the trade which we have it in our power to stimulate most greatly—I mean the trade with our own kith and kin across the seas.

Now, I turn to a different subject. Industry in
Shipping Industry. Liverpool, as industry in many other great cities of the Empire, is more or less specialised, and there is no

industry which is probably so important to you as the great shipping industry, of which Liverpool is practically the centre. Liverpool boasts itself to be the sea-carrier of the merchants of the world. I say to those who are concerned in this great industry—the injustice of supposing you are not capable of as much patriotism, or of as much self-sacrifice, as the working-class of whom I have previously spoken!—I say to you as I said to them: “you will benefit by this policy. You can’t lose by it.” Now, I am going further: I will say that I believe that if this great industry were seriously endangered by my proposals I should think that not only would the shipowners be justified, but that they were bound by patriotism to resist it.

Because what is our shipping industry? Our shipping industry is one of the very greatest of our exports. It does not show in the figures, but we know it exists. One of our greatest Exports. I doubt myself whether it is so large as some of our statisticians appear to think. Bear in mind, whether it be fifty millions or ninety millions, as some suppose it to be, the only part of it with which we are concerned and which we can call British exports is the part that goes back to British subjects. What is paid the alien seamen, or what is paid in the purchase of alien goods abroad, these are in the nature of imports into this country and not exports out of it. But whatever may be the actual facts, and they are very difficult to ascertain, I admit as fully as anyone the importance of this trade, and I desire as much as anyone to increase its prosperity.

Progressing, but losing ground comparatively. What is the case of those who are timid on the subject? It is very admirably stated, I think, in a little pamphlet which has been sent to me, written by one of your townsmen, in a very moderate way, by Mr. Norman Hill. Well, what does he say? He points out the enormous progress which this industry has made in recent years. He says that even now it is still larger than any other merchant navy in the world. He says it is still increasing in amount. And I hope—and I think he hopes—that it is still profitable to those who are concerned in it. Now, I don’t pretend to criticise his figures—I am not going to dispute them; it is not necessary for my purpose. I am going to admit every one of those statements, and every one of the figures on which they are based. Only I would like to point out to Mr. Hill, what indeed he would recognise himself, that these things tell only half the truth. They tell what is your position positively, but they take no note of comparative progress, and it is by comparative progress, and not by actual progress, that you alone can foresee the future. It is not what we have got now, but the question is how long shall we keep it, and how much shall we keep of it? We are like a man in a race. He starts with a great advantage. He has given him a hundred yards, perhaps. In the first lap he loses thirty, in the second lap he loses fifty more, and then he is seen by an observer from the Cobden Club, and the Cobden Club says: “That is my man; he is still ahead.”

A Few Figures. I think we know better. Now, my case is that British shipping, admirable as its condition is in many

respects, is not progressing so fast as foreign shipping, and I do not like those symptoms at all. Now I must trouble you—I hate troubling a great meeting like this—I must trouble you with a few figures as an illustration of what I am saying. I take these figures from some admirable articles which appeared in the *Times* newspaper, and which were written in a most moderate spirit. According to them British tonnage entered and cleared in foreign ports increased twenty millions in ten years—1890 to 1900. But foreign shipping in the same period and in the same ports increased 80 millions, four times as much, and, what is more interesting to be observed, the increase was chiefly in the later years. That is to say, not only is the movement going on, but it is going on in an accelerated ratio. Now, then, take foreign trade with the United Kingdom from 1890 to 1902. It increased 15 millions, and the British trade in our own country in the same period only increased a little more than 12 millions. That is to say, increased less than the foreign. Well, we are losing both ways. We are losing at home, we are losing abroad. Then again, and it is curious how similar the facts are, whether you look to shipping or any other trade in the whole category of the trades of the United Kingdom, it is curious to observe that the portion of the trade which is thoroughly satisfactory is the colonial trade, the trade with our foreign possessions, and that has doubled, I believe, in the period of which I am speaking.

Now take two other facts from another source—this Tonnage is from the *Newcastle Chronicle*. The tonnage built Built in 1902. in the United Kingdom in 1902—that is, last year—was an increase in the year of 591,000 tons over 1893, but the tonnage built abroad by foreign nations—and our colonies, of course—chiefly by foreign nations—increased by 885,000 tons; that is to say, the building was 294,000 tons more abroad than it was at home in a single year—the increase I mean, not the total building. Then this is the last figure. They are worth consideration. This comes from the Blue-book. From 1890 to 1901 we are told that the total increase in the tonnage of the whole British Empire was 1,400,000 tons, and meanwhile the total increase in foreign tonnage was 2,200,000 tons, or 800,000 tons more than the British tonnage. I think serious people ought to give serious consideration to what at any rate are signs. What is the use of saying the house is still standing, if you know that there is rot in the foundations? What is the use of saying we are doing very well, when you know you are doing comparatively worse every year? What is the good of talking about your income tax returns, or profit on the length of your voyages, when you know that behind you you have galloping up, at a greater rate than anything you can command, your bitterest and severest competitors and rivals?

Now, gentlemen, what is the cause of all this? Well, I will tell you on the authority of Mr. Asquith. Mr. Asquith, from his professional knowledge, I suppose, is able to lecture the chiefs of industry in this country, be they shipowners, or manufacturers, or agriculturists. He knows why it

is they are going behind and not in front as quickly as they should do. He says it is want of intelligence. Ah, gentlemen, intelligence is only to be found in the legal profession. It is want of capacity, it is want of enterprise. Now, if there be in the whole of this country any trade or trades of which it is untrue, it is our great shipping industry and our great shipbuilding industry. I am not here to say that all our methods are perfect. I should not have been the founder and chancellor of a great university if I had not felt that we stood in need of improvement, and I will be very glad of Mr. Asquith's assistance in establishing these Charlottenburg Schools in every city of the Empire, in Liverpool and elsewhere, in order to give advantages which at present we withhold. But, when we have done all that, I say we shall not even then improve greatly the skill, the industry, and the talent and knowledge contained in the brains of the heads of the men who control these two great trades, and that it is not in that direction that we have to account for the evils to which I have called your attention.

Well, now, what are the evils? Well, in the first place there are bounties and subsidies. How do you think that any man, even if he had the brains of a—
 of a Free Fooder—how do you think that a man can stand against the kind of bounties, direct and indirect, with which a shipowner finds his path crossed in so many directions? You will find the whole account of that fully told in the Parliamentary reports which deal with this subject. When I was travelling the other day, I had a little experience which seems to me to be worth relating. I was at Zanzibar, on the East Coast, and I was told the Germans were making great progress in their trade there. I said to the merchants whom I saw there—most of them English—“How is this; is it that we are so far behind the Germans that you cannot buy our goods any longer?” and they said: “No, it is not that. Your manufactures, perhaps, may in some respects be improved, but the real reason is that the Germans have got an excellent line of steamers”—subsidised I think with £80,000 a year, whereas we have only got an inconvenient and unsatisfactory line, with a miserable subsidy of £6,000 or £7,000 a year; and the German steamers bring German goods, and the trade follows the flag. Well, the trade of East Africa may not be a very large one. But the instance, at all events, is worth quoting as an instance of what is going on elsewhere. We have made sacrifices in many quarters of the globe, in none more than in that which I recently visited. And now who is to have the advantages of them? Are they to be taken from us by bounties given to foreign shipping? Will they induce a foreign trade which would not otherwise properly belong to those countries?

Then again, look at the disabilities to which British Shipping ships are exposed. We put on them all sorts of regulations—right regulations, mind you—I am myself the author of some of the strongest of them. We require a loadline for them, we require other precautions. Why? For the health and safety of those who go down to the sea in ships. While I

say that is right, what do we do with the foreigner? We do not require any loadline from him. It is possible, I am told, for an English ship in your port here of Liverpool to load up to, say, three thousand five hundred tons and then to have an inspector come on board and say, "This won't do. This is above your mark"—below your mark I suppose I ought to say—"you must pull out five hundred tons at once." And then that steamer goes away with three thousand tons of cargo.

The next day, as I am told, a foreign ship may come in, not marked at all, and may load up its three thousand five hundred tons, and the five hundred tons may make all the difference between profit and loss, and we allow the foreign ship to have every one of the privileges which we give to the other ships. Well, but these things want discussion. I have not seen that Mr. Asquith, or Lord Rosebery, or Lord Goschen has discussed these matters, and yet it seems to me they have a certain amount of importance, at all events in Liverpool. I have been told to-night since I came here of another disadvantage. You have to register tonnage and the foreigner has a different register. Your vessel is registered perhaps at 1,500 tons, and the foreigner, who has precisely the same cargo-carrying capacity, is registered at 1,000 tons, and he pays dues of every kind on 500 tons less than you. Is that the way to keep your trade? What I am pleading for is scientific treatment of trade subjects, not this—pshaw!—it does make me despair sometimes—but not this feeble and futile policy of official incapacity, or official apathy, which makes it either below the dignity or below the duty of a British Government to take care of British trade.

I am coming to an end, but I have one more word. **British exclusion from foreign coasting trade.** What about the exclusion by certain foreign countries of British trade from what is called the coasting trade? And what about the definition of "coasting trade" which makes a voyage from Riga, in the Baltic, to Vladivostock, in Siberia, a coasting voyage, or from Portland, Maine, to San Francisco on the Californian coast a coasting voyage? Yet these are voyages which no British ships may entertain; while, on the other hand, a foreign ship can come in here at Liverpool, may travel all round our coast calling at every port as it goes, or it may go from here to the farthest end of the earth where the British flag flies, and in no circumstances will it be placed at any disadvantage with regard to us.

Now, gentlemen, let us see how this works. A few years ago we had a growing trade with Madagascar. **Madagascar.** Madagascar was protected by the French. We thought honestly that we had a clear and distinct and unmistakable arrangement with the French that they would not interfere in any way with our liberty and existing conditions of trade with Madagascar. The French thought otherwise; they have excluded us altogether from that trade. It has gone with all its possibilities of extension, and so much for the trade. How long do you think that the French, who now do that trade, are going to allow your shipowners to carry it in British

ships? Not one moment longer than they can prevent it. It may not be gone, but is that a reason why you should not bestir yourselves in order to keep it? Rest assured, if you don't take the warning that is written on the wall, the trade will go and you will never be able to recover it.

We will take another case, a more important case, that of Cuba. Cuba, a great island only requiring the good government which it now has under American protection to make it one of the richest countries in the world, was exactly like Madagascar, handed over to the care of America, and it was our idea that our conditions of trade with Cuba would be respected. They have not been respected. Perhaps the Americans did not understand them in the same sense as we do. Be that as it may, all representations by us have been fruitless, and the American Government, the American President, proposes preferential arrangements with Cuba, treating Cuba exactly as I want you to treat our colony of Canada. He proposes to make a preferential treaty with Cuba, the result of which will be that no more English goods will go to Cuba, and all the traffic between Cuba and the United States will be done in United States ships. And not merely that. See how these things begin. See how these things end. Not merely that. I am told a large trade is done between Rangoon and Cuba in Indian rice, and that is now done by British ships, but the result will be that rice will go to New York, and from there to Cuba in American ships. And once more a portion of your trade has been snipped off, and because you have gained somewhere else you will have the Cobden Club still holding high its flag and saying: "See how great is our trade. See what a magnificent people we are, and the losses we can sustain without complaints!"

Now I say that, in this matter of shipping, something should be done. Our Colonial Premiers on the last occasion, among other resolutions besides the one asking us for preference, passed a resolution asking the British Government to consider the conditions under which the coasting trade as between ourselves and our colonies is carried on. The Premier of New Zealand has already, I believe, proposed a law to his own Parliament, in which he recommends that the same treatment should be measured out to a foreign country that they measure out to the British Empire; that where they keep their coasting trade to themselves, New Zealand and the Mother Country should keep their coasting trade to themselves. Well, these matters are not matters to be hastily settled. I am not asking you to accept them; I am only putting the case before you. I say there must be a remedy; there must be some way of bargaining with these gentlemen, to get rid of these unfair restrictions. It is for that power of bargaining, and, if necessary, of retaliation, that Mr. Balfour has asked, and that I have asked, and after all, if there be any difference between us whatsoever, it is only that I go further: I ask, not in the future, but to-day, for the preference for our colonies which will bind them and us together.

Something
should be
done.

Effect of
proposed
policy.

Well, I have made clear to you at any rate what I think would be the effect of my policy on your great shipping industry. I think it would encourage and stimulate our colonial trade, which is already the most progressive and the most profitable, and if, by thus stimulating our relations, we shall be able to give to the shipowner a return freight in such cases as Canada and Australia, surely that would be an enormous advantage both to him and to us. I think he would increase his trade with the colonies, but I see absolutely no reason whatever to believe that he would decrease his trade with other countries. Why, could he name to me one single Protectionist country which, at the same time that it has built up its own markets, has not been able to increase its foreign exports? If that be so, we shall be able at the same time that we hold our own market to increase our trade with the foreigners, and the only change which I anticipate, and it is a change which I greatly desire, is that the character of the cargoes may be somewhat altered. I want to see less of their finished manufactures coming in, and I want to see more of their goods—raw materials and things of that kind—in return for our exports of finished manufactures.

Appeal to
Imperial
Sentiment
and National
Patriotism.

I have gone into some details in these matters, but, after all, I have not wandered from my subject. You may take any detail. I can follow any trade, however small, or any trade, however large, or any class, however small, or any class, however large, as I have followed to-night one great class and one great industry, and the result will always be the same. And over and above these laboured attempts to prove, what seems to me hardly necessary of proof at all, that your interests will be served by the change which I have undertaken to recommend to you, over and above these, I appeal to those solemn considerations of Imperial sentiment and national patriotism for which the city of Liverpool has always been distinguished. What is your motto—"Ships, Colonies, and Commerce." You are right to place colonies in a prominent position. You are right to place it between the other two, for the other two depend on it, and as long as we keep our colonies we have nothing to fear for the future.

A Prediction.

I have not endeavoured, though I have been represented as doing so, to prove that the refusal of my proposals will be followed by any immediate result. I do not know whether it will or whether it will not. But I look to the future as every statesman should, and I say that if you continue your present system, and if, above all, you leave your colonies, now loyal and devoted to you, to seek for reciprocity in other quarters, a reciprocity which they will be ready to give, but which you forsooth, I am told, will emphatically refuse, then I predict sooner or later this great empire of our dreams will vanish away and will leave not a wrack behind. Remember the experiment has been tried. Holland has tried, and in the time of her greatest prosperity, to retain her command of the sea, her position as carrier and merchant of the world—she has

tried to maintain it without productive capacity, she has tried and failed, and you cannot be more successful than she was.

Remember that the principle, the underlying principle, of Cobdenism was cosmopolitan. It was to care for all the world, avoiding and even despising the special care for which I plead—the care for those who are near and dear to us. Even at this moment one of the most strenuous advocates in the Press of the views which I oppose—one of the most strenuous advocates in the Press declared himself the other day that the great issue between us was no mere party question, but it was a conflict between Imperialism and Little Englandism. Yes, he is right. He is a little Englander; I am an Imperialist, and the conflict is between us. I know that now this is the tremendous and the present issue you are called on to exercise in this generation. It is on your decision that this tremendous issue rests, and that the balance hangs. But I know what your forefathers would have said. I know what they did; I know how they endured burdens and sufferings to which our sacrifices, if indeed sacrifices there be, are as nothing, as a drop in the ocean, and I know how, with half our population, with one-tenth of our wealth, with Ireland hostile, under conditions of which we have no conception, they nevertheless, and almost at times alone against the world, bore themselves bravely in the bitter strife with Napoleon and came out victorious. I say, what is our task to theirs? It is a mere trifle. It is only for us to keep the fruits of the victory that they have won. I commend this issue to your consideration, and if, indeed, we are called on to give up some antiquated and nevertheless dearly beloved prejudice or superstition, if, indeed, we are called on for more than that, let us show that prosperity has not corrupted our blood, that it has not weakened our nerve or destroyed our fibre.

Sir William Harcourt at Rawtenstall.

31ST OCTOBER, 1903.

THE Chairman (Sir William Mather, M.P.) has said, and has said, I think, truly, that this was not a party question. But it is not we who have made it a party question. How was this question introduced to the country? Why, on a certain day—the 15th May,—we were informed that there was to be an issue for the next election. The words are remarkable, and I should like to read them to you:—“Mr. Balfour at the corn deputation, and myself at Birmingham, pointed out to the people of this country what were the tremendous issues which were now in their hands, and implored them to consider them before the next election. Our opponents”—that is, the Liberal party—“will find that the issues they propose to raise”—education, the taxation of ground rents, and a few other things of that kind—“are not the issues upon which we shall take the judgment of the country”—that is to say, they inform their opponents that they choose to settle the issue which you are to determine, and that that issue would be “the consolidation of the Empire by relations of interest as well as of sentiment.”

Who made
this a
party
question?

We know very well what that means; that means preferential duties and the taxation of British food. That is announced to their opponents as the issue which is to be taken at the next election. And Mr. Chamberlain informed us that Mr. Balfour, the Prime Minister, was a party to the arrangement. On the same day that the Prime Minister told the country they would not maintain the shilling duty upon corn, his colleague was announcing at Birmingham that he would put two shillings upon it at the next election. A curious arrangement. However, they agreed upon it, and it was to be the issue at the next election. Well, we thought that a rather remarkable transaction, and we tried in the House of Commons to get some explanation of what it meant. They refused it without the consent of the Government, and we could not get a non-party discussion. They insisted that the discussion should be a party discussion, and that it should raise the

question of a vote of confidence in the Government. Then who made this a party question? Was it we who wanted a non-party discussion, or they who said the matter could not be discussed except as a party question?

**Cabinet
divided
against
itself.**

But I pass from that. When they would not allow us to discuss it in the House of Commons the country took up the matter then and there, and were not very long in making their decision upon it. By the end of the session there was an overwhelming majority against taxing the food of the country; I think you will all admit that. At all events, the Government found it out, and they thought it convenient to arrange with the prophet of taxed food that he should jump overboard, and so it was arranged that Mr. Chamberlain should leave the Government. The Government could not make up their mind to adopt the great plan of preferential duties and the tax upon corn, which had been proposed to them apparently on the 14th September, and the consequence was that the Cabinet was divided against itself. As I say, the author of the plan of Colonial preference and taxes upon food left the Government, and the vessel, tossed by the storms of popular disapproval of this food tax, had to go on as best it could. In fact, the ship was dismasted, and they were obliged to get in a scratch crew. They hauled down the old ensign of Free Trade and hoisted in its place the flag of Retaliation, by which they went on a roving commission in order that they may raise hostile tariffs against all the world. Now that is the present situation in which we find ourselves.

**"A very
adroit
proceeding."**

It is said that there are two policies. There is the policy of Mr. Balfour, which goes by the name of Retaliation, and there is the policy of Mr. Chamberlain, which is taxation upon food, with preferential duties for the Colonies. Now, it is not true that there are two separate concerns, though it is pretended that there are two separate policies. It is very difficult to understand what this business affair is. The Retaliators say, "Oh, we are not going in for this tax upon corn just yet." But it really is, when you come to look at it, all the same concern—only a joint-stock company with a double set of articles of association. The unsleeping partner is a man of unlimited liability, but the ostensible manager is a limited company. This is the concern which is called a Government to-day. That, for the present—until we have some more revelations—is the situation in which we are placed. We are told by the *Times* (which may be, I suppose, regarded as the principal organ of the Government) that this is "a very adroit proceeding"—those are the words—"by two skilful cardplayers." I think that is not a bad description of the thing. I doubt whether they are going to win the odd trick, but I am quite sure they won't count the honours in this game.

**War of
tariffs.**

But, really, it is a more simple game than that. It is a game you might describe as the two-card game. You may put your money on "Retaliation," or you may put it upon "Food Tax," and whichever you choose to back you are pretty sure to lose. That is the result of this adroit card game.

Now, we have just had "a sort of war" in South Africa, and we are next to have a war of tariffs—to be carried on by a sort of Government, and with about the same sagacity and foresight as the late war was carried on. I venture to say, before you have done with it, that this war will cost you a very great deal more than the last war. Talk of responsible government! We are supposed to live under responsible government in this country. Well, what sort of responsibility does this Government take in this matter? The only man in it who had a settled conviction at all has found it necessary to leave the Government, so the whole of the responsibility has departed from it. That is the sort of Government we have to live under at present.

Now the other arrangement is a remarkable one.
Meaning of double arrangement. We are not to settle Retaliation till after one dissolution, and we are not to settle the food tax till after two dissolutions—a most curious septennial arrangement.

We are to serve seven years for Leah and another seven years for Rachel. You will find that Rachel is the true love. That is the meaning of this double arrangement. I have seen in my long lifetime many Governments—some good, some bad, some indifferent—but I have never seen a Government so ridiculous as this, which seems to me so incapable of having a mind of its own, and which is so utterly undeserving of the confidence of the country. They may call it fiscal reform or whatever else they choose, but when you come to look into it you will find that it is nothing else than an anti-Free-trade war and a Protectionist crusade. That is the meaning of the whole thing.

They pretend that there are two policies, one the Colonial policy, which appeals to Imperial sentiments—you know the whole style of that—and a self-sustaining Empire, and then there is the other policy called the policy of Retaliation. In a more vernacular way you might describe it as the "hit-'em-back" policy. That is a very old policy; it is anterior even to the Christian era; it is "an eye for an eye and a tooth for a tooth." This policy has nothing Imperial about it. It does nothing for the Colonies; it does nothing for the self-sustenance of the Empire; it is a policy which professes to be in the private interests of particular trades. The policies differ in that respect. But I am not going to trouble you a great deal—I may say not at all—about Retaliation. It is not the thing that is meant; it is only a stop-gap—a device for the consolation of the feeble folk who do not like to face taxed food; therefore they say "Retaliation." And it is a much less dignified policy, as you will see, because it is only to have one dissolution, instead of two dissolutions, to crown it. Therefore you might fancy that it might as well be disposed of at once.

Food tax not really abandoned.

The food tax is taken off the Government Bill, but it really is the horse by which they stand to win. If you are wise you will not mistake the wolf of the food tax for the sheep of Retaliation, under whose clothing it hides. If you do, you will suffer the fate of Little Red Riding Hood. I observe that the Whips of the Government are extremely anxious to assure

members of Parliament that they will not have a dissolution for two years. I am not very much surprised that they wish to postpone taking the opinion of the country on the subject of their policy and conduct. With all its fine pretences, its magniloquent professions, and its reckless promises, when you come to examine it you find the scheme that has been put before you shallow, hollow, and indefensible. "Oh, but," they say, "we must wait; the fruit is not ripe." No, it has not been a favourable season for the ripening of fruit. There is one kind of fruit I know, and only one, which in its nature is rotten before it is ripe, and that is appropriately called the medlar. And that seems to me to be the condition of this great plan which is not yet ripe.

Mr. Chamberlain and the trade unions. I gather that, on account of the violent vexation which was exhibited a day or two ago by the author of this plan at Liverpool. He seemed very angry with all the world. He surveyed all classes and all interests. He disposed of the House of Lords—that was not difficult—of society, of the middle classes, of the manufacturers, of the officials of the Board of Trade who drew up the statistics. He found no satisfaction in any of them, and he appealed to the Gentiles. But then, unfortunately, the Gentiles of the trade unions had reported already against him. What was he to do then? He said that these representatives did not represent their constituents. Well, you would be a little astonished if somebody came here and told you that Sir William Mather did not represent your opinions.

Working classes and the introduction of Free Trade. And he said another very curious thing. He said that the working classes were not consulted at the time that Free Trade was introduced. Well, they did not have the franchise at that time, but if he had known Lancashire as I knew it in the forties he would have known that the working classes spoke out, and had reason to speak out. If he had seen, as I saw, the starving mobs marching about Lancashire—a very different Lancashire from that of to-day—when I was at school in Preston, when people were shot down by the military—I think the last people that ever were shot down by the military in this country—he would have known that the spirit of the working classes demanded Free Trade. And they got it. And now, happily, they have the suffrage, and they can speak by their representatives.

Attitude of labour leaders. Why, we know that every labour leader in the House of Commons is hostile to this policy of taxation of food. Oh, yes, but then Mr. Chamberlain says that the representatives of the trade unions don't represent the unions. What business has he got to say anything of the kind? What business has he to suppose that he represents the opinion of the trade unions better than the trade unions themselves. Who has done most for the wages of this country? Is it Mr. Chamberlain, or is it the trade unions? Yet he professes to be the man who is going to show you how wages are to be raised in this country. He has not a high opinion of the middle classes. I don't know why. He says that the manufacturers were the authors of Free Trade, and that their object was to cheapen

labour. Well, they were very stupid manufacturers if that was their object, because the immediate effect was to raise wages and also to enable them to pay higher wages. Why? Because the moment the goods became cheaper more of them were sold, and the consequence was that trade was better, profits were larger, and wages were higher. That is the history of Free Trade.

**Cheap
labour and
sweating.**

Then, about the middle classes. He tells us now that there is nothing so bad as cheapness—the “demon of cheapness” is the phrase he used—and that a country is better off in proportion as it pays dearer for what it buys. I do not think that is the opinion of the middle classes of this country—that the dearer they buy the better they are off. As to the working classes, I think they know pretty well. They cannot go back in their recollection as far as I can, happily for them; but even for the time they can go back they know what progress has been made, both in the wages they receive and in the produce those wages will buy. I find in Mr. Chamberlain, I must say, a most satisfactory opponent. He saves you such a great deal of trouble, because the answer to all he says is to be found not only in his former speeches, but actually in the very speech he is delivering at the time. That saves an opponent a great deal of trouble. He says that Protection raises wages. We all know—it is proved by these returns—that the wages of Free Trade England are the highest in Europe, and a great deal the highest in Europe—higher than the wages of Germany, higher than the wages of France. And then he wants to keep out foreign manufactures, because he says they are the output of cheap labour and sweating. Well, that must be in the protected countries. The cheap labour and sweating of Germany are to be kept out of the country. I think he suggested that Protection brings higher wages and no sweating. Was I not right in saying he is a most useful controversialist, because he answers himself?

**Opinion in
Germany.**

Now, ask the German working man what he thinks of the result of Protection. If you have read the account of the last election in Germany, you will know what they think in Germany—the great majority of the working men—of the system of tariffs under which they live. The Blue-book that has been supplied to us gives us a few facts. I know I am speaking to business men of experience, and they like to have a fact or two upon the subject. Now the average income of a family, given in those tables, in the cotton trade in 1900, was for England £127 6s., in Germany £74 5s., and in France £83 14s., and yet Mr. Chamberlain tells us that if you will only have Protection you will certainly have higher wages. Besides that, here is this fact given, that the cost of living in Germany has fallen very much less in the last twenty-five years than it has in the United Kingdom. The average wages in fifteen skilled trades in Germany and France is 22s. 6d. per week, against 38s. in England. Very well; and yet we are told the Germans are so very much better off under Protection than the British labourer is under Free Trade,

The answer to Mr. Chamberlain. But really the answer to Mr. Chamberlain's statements and arguments is a very short one, and I will give it to you. It is not the fact. That is a very conclusive answer, which can always be proved by the figures, and the circumstances, when they come to be examined. Then he holds up to scorn the unfortunate class of people who now go by the name of "Free Fooders." Well, I am a Free Fooder myself, and something more. Free Fooders are the majority, even of his own Unionist party, because there is a very small percentage of them who dare come before the public and say they are in favour of the taxation of food. Why, the Prime Minister himself is a Free Food Retaliator—a fine political profession of faith. Of any sect that exists, that of Free Food Retaliator is one of the most complicated denominations I ever heard of. A retaliator is not, you know, a disciple of the earnestness of everything; what he intends—and it would be a good thing if he could get it—would be reciprocal cheapness, and therefore he is not one of the men who, like Mr. Chamberlain, consider that cheapness is the greatest misfortune that can befall any nation.

Protection the mother of dumping. I will not add anything to what has been so well said by the Chairman on the subject of "dumping." He has explained it with a practical knowledge of business which I could not pretend to; but there never was greater nonsense than that which is being talked about dumping. This thing I point out to you, that the mother of dumping is Protection. It cannot exist except under high Protection, and if you ever get high Protection in this country don't you be too sure that you won't have combinations for dumping like those which exist abroad, the basis of which is to charge the highest prices to your own people and sell at a cheap rate to people abroad.

Iron trade. Well, now he affirms that trades—important trades—in this country are being destroyed, and he gives examples of them. Is it possible to find more unfortunate examples than he has given in his figures? The iron trade. I am speaking in the presence of Sir William Mather, who knows something about iron and the iron trade, and I should like to know—he will perhaps tell you—whether the iron trade is being destroyed. There are two other great magnates in the iron trade—Sir James Kitson, of Leeds, and Sir Lowthian Bell, of the North, and they have spoken out in the strongest possible way against this policy. I have in my hands an answer given in the House of Commons to the question as to the value of the quantity of iron exports in six months in 1900 and 1903. In the six months ended June, 1901, it was £12,617,000; in June of the year 1903 £15,590,000, or an increase in the six months of 1903 of £3,000,000 and more of money. And that is a trade which is being destroyed, or, at all events, is stagnant!

Tinplates and watches. That is one case. Then he picks out another. There is the tinplate trade. Well, I know something about that. Of course it flourishes in South Wales, where I

have the honour of a seat for a county. Now there is no doubt about it, that the tinplate trade was injured by the American tariffs—very much injured. But the tinplate trade set to work—just as the Chairman described in another trade—to improve its operations, and it got assistance from the dumping of plates from America at a cheap rate, and the tinplate trade has been a good deal revived in South Wales. I have seen an account given, that the trade is greater in exports and also in home consumption. Well, that is one of the destroyed trades. Then I am told that the poor shipping trade is in a very bad way. Well, I should like to know the country in the world that does not envy the shipping trade of England. The last discovery he has made is the case of watches. He hears of 20,000 watches dumped down in this country. I find it stated in the newspaper—I think the day before yesterday—that the importation of watches in 1901 was 1,700,000, and in 1903 they were 1,100,000. If that is correct, it is a diminution of 600,000 in that time. But as people do not want less watches, but more, I take it that it is watches made in England that have supplied the deficiency. I take that, as I said, from the newspaper in which I read it.

**Is British
trade
decaying?**

Now the basis of the whole of this agitation is the assertion of the decaying condition of British trade. Is there any foundation for that assertion? I aver that there is not. You have to judge of a system of trade

as you judge of a business—you judge of what are the profits over a long period of time. Now what was the condition of England at the close of the Protection period? Here is a description of it by a body which had some knowledge of the trade of England. At a meeting of the Court of Common Council, held in the Council Chambers of the Guildhall in December, 1842—when Protection was in full operation, and just before its happy decease—this statement was made:—"The continued and increasing depression of the manufacturing, commercial, and agricultural interests of this country, and the widespread distress of the working classes, are most alarming—manufacturers without a market and shipping without freight, capital without investment, trade without profit, and farmers struggling under a system of high rents, corn laws to restrain the importation of food, and inducing a starving people to regard the laws of their country with a deep sense of their injustice; therefore this Court anxiously appeals to the First Minister

**England
under
Protection.**

of the Crown to give practical effect to his declaration in favour of Free Trade by bringing forward, at the earliest possible period such measures for securing the unrestricted supply of food and the employment of the people, and effectually remove a condition of depression and distress too widely prevailing to co-exist with the safety and the preservation of our social and political institutions." From that you may judge of the tree by its fruits, and those were the fruits of Protection in what were called "the good old days," to which you are now invited to return. I can myself vouch for the accuracy of that description. I have seen in the course of my life, first of all, the state of this country into which

it was reduced by Protection, and I have been spared to see the condition into which it has been raised by Free Trade. Those are conditions which cannot, as you may suppose, pass from my mind or be effaced from my conscience, and those are the reasons why I now resist, and shall continue to the last moment of my power to resist, innovations. That was a description given of the condition of the country under Protection.

**Mr.
Balfour's
testimony
to present
prosperity.**

What is its condition now? Do not take it from me—do not take it from anybody who may be supposed to be prejudiced on the other side of the question—but take the description as it appears in the pamphlet of the Prime Minister:—"Judged," he says, "by all available tests, both the total wealth and the diffused well-being of this country are greater than they have ever been. We are not only rich and prosperous in appearance, but also, I believe, in reality. I can find no evidence that we are living on our capital, though in some respects we may be investing it badly. Why then, it may be asked, do we trouble ourselves to disturb a system which has been so fruitful in happy results?" Why, indeed? But no answer is given to that question. At all events there is his testimony of the present condition of this country, as compared with that which I have read to you in the days of Protection.

**Old answers
to old
fallacies.**

Now, it is very difficult to say anything new on this subject. Nor, indeed, is it desirable. What is new is not true, and what is true is not new, therefore you have to give, and you must give, the old answers to the old fallacies when they are reproduced, as they are reproduced to-day. We do give, and shall give, the answers by which we confounded them before, and by which we shall confound them again. The battle of "Fair Trade" has, I think, been fought already in Rossendale. Of course the quack doctors have a great dislike to the College of Physicians. They always have a monopoly for their patent pills against the earthquake, but, after all, these text-books that they despise—what are they but the conclusions of reasoning and experienced men upon ascertained facts?

**Text-books
and
professors.**

Mr. Chamberlain is glad enough to get hold of a text-book which he thinks will serve his purpose. If he can only find a professor on his side he throws up his hat—and he thought he had gained one in the person of Professor Nicholson. Mr. Chamberlain is not fortunate in the people who cram him. They give him inaccurate figures, and they give him professors who are really against him; for I read, only half-an-hour before I came into this place, a letter from Professor Nicholson saying that Mr. Chamberlain was mistaken, and that he (Professor Nicholson) was entirely against Mr. Chamberlain's plans. However, I am not going to trouble you to-night with text-books or figures. The fact is this matter has been already admirably dealt with in the speeches of Sir Henry Campbell-Bannerman, of Lord Rosebery, of Mr. Asquith, of Lord Goschen, of Lord George Hamilton, of Sir Edward Grey and

Sir H. Fowler, of Earl Spencer and Mr. John Morley, as well as of Mr. Robson and many another able man; and it is difficult to add anything to their arguments. But there is an old saying that it is very easy for a man to make a statement in five minutes which it will take you an hour to refute. I do not use the expression of what sort of statements, or by what sort of people they are made.

**The test of
national
wealth.**

But Mr. Chamberlain said at Liverpool, in his first speech, that the test of the wealth of a nation was its exports. He had to correct that, because it really was so obvious a blunder that it was impossible to imagine that anybody could have uttered it. But the real fact is that the exports of this country are only about one-sixth or one-fifth part of the whole of its manufactures or productions. Is the home trade of this country diminishing? Is employment less? Is there less money being spent in this country upon what this country needs? Everybody knows that the opposite is exactly the fact. In these returns I get the list of the persons in the different trades formerly and in employment in the trades now. I will only mention two. As between 1871 and 1901 there has been an increase of 362,000 in the building trade and of 332,000 in the coal-mining trade. They always want to exclude the coal-mining. I do not know why, because there is no trade of which the cost in proportion is greater in respect of labour. And if you want, therefore, to cultivate employment of labour and payment of wages, coal-mining is the most important of all trades.

**Building
trade.**

But we will take the building trade. What does the building trade mean? I came yesterday through a good part of England; I passed through the outside of Birmingham, and the outside of Derby; and what did I see? What do I see everywhere I go? Masses of new buildings rising—some large and expensive, some of the middle class, but whole heaps of new buildings for the working classes. Does that show a diminution of employment? Why, it is not merely a question of the men who build the houses, but it is the people who live in the houses and have the means of paying for them. It shows that these men are getting every day more and more employment, and that they are saving more and more money out of a trade which is extremely advantageous both to employer and employed. But then Mr. Chamberlain says, "Oh, it not the cheapness of what you buy, but the money you have to buy it with." That is perfectly true. But still, if people buy the things, they must have got the money. And where did they get the money from? They got it from higher employment, and better employment, and more of it.

**Mr.
Chamberlain's
quotation
from Mr.
Gladstone.**

Mr. Chamberlain came forward the other day with a quotation from Mr. Gladstone which he thought would be a great surprise to us all, and would entirely confuse us. What was that quotation? Mr. Gladstone pointed out that it was not merely the cheapening of commodities, but that what had brought about this great change in the position of affairs "is that you have set more free the courses of trade,

that you have put in action the process that gives them the widest field and the highest remuneration." That was to surprise us! Well, anybody who knows the A B C of the Free Trade controversy knows that is exactly the point. What was the thing Mr. Gladstone was speaking of? He was speaking of the French treaty of 1860, which was a treaty not to put on tariffs but to take them off, and, therefore, so far from its being an argument in favour of this scheme it is exactly the reverse.

Now we are told that the exports of this country are diminishing, or at least stagnant. I meet that by the answer I have given already—it is not the fact. The exports have not diminished in the last ten years. In 1892 they were 227 millions; in 1902 they were 278 millions. That is an increase of 51 millions. In manufactured goods they were 195 millions in 1892 and 228 millions in 1902—an increase of 32 millions. The same thing is true of the last thirty years, if you don't take particular years, which may deceive you, as they deceived Mr. Chamberlain when he took the year 1872. It is said the averages are falling off now. The average of the years 1890–4 was 234 millions, of the years 1895–9 238 millions, in 1902 277 millions, and already this year in nine months they are 8 millions in excess of the corresponding nine months of 1902. These are your exports which are decreasing, and at this moment the exports are higher than they have ever been in the history of this country, and higher, I believe, than they are in any nation of the world.

There is another thing about these exports. If you are thinking of the earnings of the workmen, you must not look only at the value of the exports, but at the volume of the exports; because the men are paid according to the volume they produce. The test of the profit they produce is not the test of the earnings of the workmen. I come back to Mr. Chamberlain's favourite period of the seventies. In 1873 the exports were 255 millions; in 1883 they were, if you take them at the prices of 1873, 295 millions; in 1893 they were 329 millions; and this year they were 418 millions. Therefore, they have in thirty years increased by 150 millions—taken upon that basis—and in the last ten years they have increased 100 millions. I think that pretty well disposes of the question of exports.

It is said: "Oh, but other countries have increased their exports, and increased them more rapidly in proportion than you have." Of course they have; a baby grows quicker than a grown man. They are infants in trade compared with us. We are an "old-established" firm. If a firm with millions adds to it another million, it cannot say that it has increased by 100 per cent. But a firm which has £100 and adds to it £200 has increased at the rate of 200 per cent. This is what the official report says, after carefully examining our relations with Germany and the United States: "There is nothing in these figures to suggest that while the export trade of our neighbours has been increasing, our

own export trade has been diminishing or even standing still." That is pretty conclusive as compared with Germany and the United States.

**Quotations
from the
Blue Book.**

And then I find this further, that the exports per head of the United Kingdom are far in excess of what they are in France or Germany, and are still more in excess of what they are in the United States—that is, per head of the population—they are almost double. And this more: "It is clear that these figures do not show that there has been any material displacement of home manufactures in our home market by Germany." And then it ends with this: "The great increases of United States exports have been mainly in agriculture and food stuffs, and only to a small extent in products which compete with the export trade of the United Kingdom. Germany and the United States may have progressed more rapidly, but there has not been any displacement of the export trade of the United Kingdom, by any one of our three powerful competitors." What case is there, even in the position of exports, for beginning a reversal of the established fiscal policy of this country?

Imports.

I want to say a word about imports, though I have very little to add to the admirable statement that has been made already by your chairman upon that subject. If your exports have not diminished, then they fall back upon the imports—those terrible imports. If we only could get them out what a happy people we should be. Now, why are we alarmed at imports? What are imports? As the Chairman has said, and said quite truly, they are things that you want; they are things that you need not take if you do not want them, but they are things which you cannot have unless you have got the money to pay for them, and the money you have to pay for them is your exports.

**A great
creditor
nation.**

England is a great creditor nation. She has not only had wealth on her own, but she has had so much wealth that she has been able to lend it, at a good interest, to foreign countries. Of course these things are not paid for by gold. The only real professor that Mr. Chamberlain can get on his side is Mr. Seddon, and he has adopted him as his text-book, I imagine, in supposing that these exports are paid for in gold. It is a trading transaction; it is a transaction of exchange, and in this exchange what you give is your exports and what you receive is your imports; and if what you receive is better than what you give, why that is good trade, I imagine, in Lancashire, as in other places.

**What our
imports
pay for.**

Now that relates to the whole question of imports. And what are these imports? They have to pay the creditor nation first of all for its exports; secondly, for the interest on the money that has been lent to them; and thirdly, they have to pay for the carriage of the goods, which is done for all the world by the shipping, the mercantile marine of England, which is estimated at £90,000,000 a year. They have to pay besides that for the interest, as I have said, upon the money lent abroad—the investments abroad—which is estimated at about £70,000,000 more. There is no wonder, then, that the imports exceed

the exports of goods ; if it was not so it would be terribly bad trade. It is suggested, they may be paid out of capital. But it is quite certain they have not been paid out of capital ; that is proved by the returns of the Inland Revenue, which show that these investments are larger, and not less, than they were. And thus these imports come, just as a man may come to your house, and say he is going to pay you a debt. But what would be thought of you if you said, "Get you gone out of the place. I will keep you out by tariffs." He might take you at your word. He might not pay you ; he might get your exports and not give you any imports at all.

Mr. Chamberlain's budget. I must get on, but really there is so much to refute, and I must have already exhausted your patience. Will you just let me, in a few words, give you Mr. Chamberlain's budget ? He is going to put a tax on food to the extent of £6,000,000. Well, taxes of that kind have this peculiarity—that besides the £6,000,000, which is given to the revenue, they increase the price of the commodities both at home and in the Colonies. That is estimated at £9,000,000 more, therefore the cost of this taxation is £15,000,000. Then, he says, he will remove taxation upon sugar and tea to the amount of £7,500,000. Thank you for nothing ! We are entitled to that without any new taxes. But that being so, the loss to the consumer would be £8,000,000 sterling. Then he is going to put a tax on manufactures, estimated at £9,000,000. What the increase of that will be to the consumer, by raising the prices for manufactures, it really is impossible to calculate, but it will be enormous.

Transfer of taxation. That is the budget which he proposes to lay before the country for its acceptance. He says it is only a transfer of taxation. Yes, but it is a transfer of taxation from that which yields only revenue to protective taxation which costs the consumer a great deal more than it yields to the revenue. There is one fallacy which I want to deal with. They say, "This is a capital plan. We will make the foreigner pay." It is an admirable thing, of course, if the foreigner does not object. But that is a fallacy that can only deceive the most ignorant people. It has been refuted admirably by Lord Goschen. The whole object of this transaction is to raise prices. If you do not raise the price of corn the colony gets no good, and the British farmer gets no good, therefore prices must be raised or the whole of your plan fails. Then he says, "I won't raise it upon maize or bacon." Why not ? If the foreigner pays why should he not pay upon maize and bacon, as much as upon corn, or manufactures, or anything else ?

Mr. Balfour quoted. And then, if the foreigner pays, why should you even take taxes off at all ? Why not raise the whole revenue of your country by a scheme whereby the foreigner will pay it all, and the English taxpayer pay nothing at all ? I recommend Mr. Chamberlain to improve his scheme by introducing that principle. No, sir, the Prime Minister, at all events, knows better than that. When it was proposed to take off the shilling duty he

warned Mr. Chaplin (who is, of course, always for raising the price of corn) to take care what he was about. He said :—" He has appealed to the Chamber of Agriculture to oppose the abolition of the tax upon corn in their interest, and the only inference which can be drawn from this is that the shilling duty on corn is to benefit the British farmer. If it is to benefit the British farmer it can only be an injury to the British consumer. There is no escape from that dilemma." That is obvious enough ; and if you compare the prices of food in the countries which have these taxes with the prices in England, where there are no such taxes, you will find, practically speaking, that the payment by the consumer corresponds to the tax, which has been put on.

**The good
of the
Empire.**

Well, I should have been glad, except that the subject is so vast, and the time is expiring, and your patience must be exhausted, to have referred to some other subjects, but that is enough, certainly, for to-night.

We are told to look at this question from an Imperial point of view. Of course we look at it from an Imperial point of view. We say, " We are as much for the Empire as you are, who lecture us on Imperialism ; but we have our views of what is for the good of the Empire and for its consolidation, and what is bad for it," and in my opinion you will never consolidate or unite the British Empire by putting a tax on the food of the British people, leaving the rest of the Empire untaxed in its food. A policy of that kind is utterly unsustainable.

**Gospel of
universal
dearness.**

Well now, let me say, in conclusion, I have no fear that this gospel of universal dearness of everything will prevail. It is being propagated with appeals to the prejudice of every class. It is founded on fallacious argument, supported by baseless alarms, and by statements which cannot be proved, by inaccurate figures and perverted facts. It is contrary to common sense, it is contrary to common experience and the common practice of mankind.

Mr. Chamberlain

at Birmingham.

4TH NOVEMBER, 1903.

I THANK you for the welcome that you have given me. I am glad to be among my own people. It is now almost exactly six months since, in addressing my own constituency in the Town Hall, I called their attention to our relations with our Colonies, to our present fiscal conditions, and I asked them—I invited them—to a discussion. I invited them to consider whether the time had not come when some modification of those conditions would be necessary and desirable. It was not for the first time that I had spoken on the subject. But then I was fresh from a visit to some of our great Colonies, where I had had the opportunity of intercourse with many representatives of Colonial opinion, not only South African opinion, but that of our Australian and Canadian Colonies; and I desired particularly to press on my friends and supporters my own deep feeling of the growing importance and the immediate urgency of the question. Much has happened since then—some of it painful, some of it eminently satisfactory. And, above all, I am grateful to those to whom I spoke, and to that much larger audience which I always have in my mind on an occasion such as this—that they have answered my appeal, that they have discussed this great question, that they have refused to treat it as the idea, or the delusion, of a madman, as some of my opponents thought it to be, and that even those opponents themselves have been so far converted that, whereas before they regarded the matter as one not worthy of a moment's consideration, they have since been speaking of nothing else.

**The Working
Classes and
Free Trade.**

I had at that time a sort of instinctive idea at the back of my head that the working classes of this country, who were not either consulted or represented at the time when Free Trade was accepted as the policy of this country, who have never had it presented to them as a serious issue in the fifty or nearly sixty years that have elapsed—I had an idea that they, at any rate, would approach this question with an open mind, and

that they would not accept a policy more than fifty years old at a time when everything had changed, every policy, every institution, had submitted to modification—they would not accept that as an inspired doctrine which it was blasphemy to question. I had an idea, and it seems to be a right one, that they at any rate were not wedded to the wisdom of our ancestors, and that they would not be ready, immediately and without question, to accept the appeal which has been addressed to them by Mr. Asquith to stick to our well-tried policy. It sounds a little like a shopkeeper's advertisement. It might perhaps be excused in the mouth of a Conservative statesman of the old school, but it sounds strange when it comes from a gentleman who claims to be a Radical statesman. I have said that, in the interval which has elapsed between our acceptance as a nation of Free Trade principles and the present time, much has changed.

Before I point out to you these changes I hope it may be useful, if you will bear with me for a few minutes, if I say something about the history of what is called the Anti-Corn Laws agitation. It seems to me that this has been very much forgotten. Sixty years is a long time, memory plays strange tricks with us, and I am afraid that many of those who differ from me have not taken the trouble to read contemporaneous accounts given, not indeed by prejudiced Protectionists, but by Free Traders themselves, in regard to this great and important movement. Now, I ask you what is the view has been placed before you by the opponents of any change? I want to state their case as fairly as I can, and I think this is a fair statement of it. They have either represented to you, or they have led you to infer, that during the time of Protection this country was certainly declining, until it reached a state of unexampled misery and destitution. Not only in those days were the people on the verge of hunger, but, according to this theory, they were actually being starved. They have led you to believe that this state of things was due wholly to the Corn Laws, to the high price of bread, and to Protection, and then they have led you to believe that when the Corn Laws were repealed everything changed, as though by magic, and at once there was cheap food for all the people, destitution no longer existed, we entered on a time of great and universal prosperity, wholly due to the alteration in our fiscal system. Now, I believe no one can contradict that statement of the case as it has been put before you. I am afraid that it has been accepted without enquiry by many persons. I have to say now that, if that is the case, it is

**A Popular
Delusion.**

a popular delusion. There is one answer to that—a general answer, but I think it is conclusive. If it were true—if Protection inevitably brought with it destitution and misery and starvation, and if Free Trade inevitably brought with it prosperity and progress, how do our opponents account for the fact that every foreign country, without exception, that has adopted Protection has, in recent years at any rate, progressed much more rapidly, in much greater proportion than we—the Free Trade country of the world. I do not say they have progressed in consequence of Protection—but I

say that the argument of my opponents that Protection is necessarily ruinous, that Free Trade necessarily implies prosperity, is absolutely disposed of by the facts which are known to every man of you—which are known to every reasonable and impartial man.

Now, putting aside the general answer, is it true that, at the time when Free Trade was introduced and the Corn Laws were repealed, we were in a state of destitution and misery and starvation? Is it true that under the Protection which prevailed before that, this country was going down in the scale of nations, or losing its prosperity and losing

**Prosperity
under
Protection.**

its trade? No, absolutely no. The exact reverse was the case. In the years preceding the repealing of the Corn Laws, and I would take especially the years from 1830 to 1841, there was a time of great prosperity in this country under Protection. I do not mean to say that the country was as great or as rich as it is now, but comparatively with other nations it occupied a better position—comparatively with other nations it was absolutely in the first rank. It had won and conquered under Protection absolute supremacy—the commercial supremacy of the world. At that time trade was less than it is now, but so was the population. And though trade was less than it is now it was increasing with a rapidity—a proportionate rapidity—which has seldom been exceeded since. But in 1841 we had in this country one of those crises which occur in every country from time to time, whether they be Protectionist or whether they be Free Trade. We had a time of bad trade, with small employment. It was not brought about by Protection, it was not brought about by the dear loaf, for in that period the loaf was much cheaper than it has been many times in many years since the abolition of the Corn Laws, but it was brought about by circumstances which you all will understand. We had become the workshop of the world. We had been very prosperous; we were increasing our production rapidly, and we outstripped the demands of the world. Foreign countries were in a poor condition then; prosperity had been hindered by many causes into which I will not enter now, and they were unable to take the surplus of our productions, and so many of our mills and factories had to go on short time or were closed altogether, as you have all known in your own experience. There was great want of employment—the one critical thing in all this discussion—there was great destitution, great misery, and consequently great discontent on the part of the majority of the population.

**The Chartists
and the Anti-
Corn Law
Agitation.**

This was a time, in 1841 and 1842, to which Sir William Harcourt referred in his speech on Saturday last. He went back to the memory of his childhood or youth, and said at that time he was in school at Preston, and he had been, I understood him to say, a witness to riots in which some of the people had been shot down by the military. He went on to say that nothing of the sort had ever happened since. That is a very small matter, but I think his memory deceived him, because I think in later times—I have not had time to check it, I believe he was Home Secretary—people were shot down in a Midland mining district.

and a special commission was appointed by the Government to inquire into the circumstances. But after all, as I have said, that is really not relevant to the subject. The point is that the riots in 1841 and 1842, to which Sir William Harcourt referred, and which he apparently wished his audience to think were due to the Corn Laws—were due to Protection—were due to nothing of the kind. They were due to something absolutely different. They were instigated by the leaders of the Chartists in those days, and the Chartists in those days were absolutely opposed—the leaders—to the Anti-Corn Law agitation. They had the greatest contempt for the leaders of that agitation. They did not spare them; they said almost as bad things of them as my opponents say of me. No, sir; the Chartist leaders at that time told the working people, and I am not certain that they were not right, that what they wanted—that the one thing which would deal with the circumstances of their condition—was to give them efficient representation according to their numbers, and they begged of them not to be drawn aside by the movement of the Free Trade leaders, which they said was a red herring to divert them from what was much more important in their interest; and those riots, this discontent, was due to the action of the leaders of the Chartists, who urged the working men in this country to a universal strike. The riots were directed not in favour of Free Trade, but they were directed against the Manchester manufacturers and others, who were at that time supporters of Free Trade.

The Free Trade Movement a I ask you not to be guided by me—not by a Protectionist but by a Free Trader—by a Free Trader who **Manufacturers' Movement.** lived in those days. He was the friend of Mr. Cobden —a Free Trader who wrote the history of the Free Trade movement, believing it to be right, and he therefore is an irrefutable witness in a case of this kind. Mr. Montgredien wrote that history of the Free Trade movement, and read what he has to say about the history of the Chartists. It is quite enough for you to read Mr. Morley's "Life of Cobden." You will find in that life a quotation from Mr. Cobden in which he says—I must be careful about the exact wording—that a great body of intelligent mechanics stood aloof from the movement, and at the same time he admits frankly—he was always honourable and frank in all his discussions—that it was a manufacturers' movement, and he says: "I must confess, in the outset at any rate, most of us thought we had a distinct class interest in the matter"; that is to say, rightly or wrongly, the Free Trade movement was a manufacturers' movement. It was not a working-class movement, and the leaders of the working classes in those days, rightly or wrongly, were opposed to the movement, and they were in favour of something quite different—in favour of that electoral reform which, in subsequent years, the working classes have obtained. Now, bear in mind—let me impress on you what this argument shows. It shows you that the distress of which you are often reminded, the distress of 1841, was not attributable to the Corn Laws, it was not attributable to the price of bread, it was not attributable to Free Trade. It was due to other causes altogether, and the distress and the starvation and the destitution ceased when those causes

were removed. Here is the proof. In the year immediately following 1841—in 1842—everything changed; more employment was found,

great prosperity prevailed. And now, again, let me
Mr. Montgredien's quote what was said by Mr. Montgredien in reference
testimony. to the period immediately before the repeal of the Corn
 Laws. He says this: "The adoption of Free Trade

was not the result of pressure from adverse circumstances. The country was flourishing, trade was prosperous, the revenue showed a surplus, railways were being constructed with unexampled rapidity, the working classes were fully and remuneratively employed, and bread was cheaper than it had been for many years." And yet Sir William Harcourt draws on his memory in order to persuade you, to persuade the working classes of this country, that Free Trade was adopted because of the famine and starvation which prevailed at the time. Now I go on with my history. In the autumn of this year, when things were so prosperous, a great calamity visited one part of the United Kingdom. The Irish people had been accustomed up till then to depend almost entirely for their subsistence on the potato. The potato famine came and all the crops were destroyed. The great-

The Irish est, the most appalling misery was the result in Ireland, and
potato famine. I have seen it stated that even millions of the population were on the verge of starvation. If that was true it must have made a great impression on the statesmen of those days. It must have impressed them with the necessity of relieving food from any exaggerated taxation. That I can well understand, but the potato famine was not the result of the Corn Laws, nor was the price of bread, at the time of the potato famine, the result of the Corn Laws or of the legislation which followed.

I ask you now to consider these figures, I am not going to trouble you with many. In the beginning of 1846, when things were at their worst, when the Irish famine had put the whole people of Ireland into a condition which was almost one of despair, what do

The Price you think happened with the price of wheat? The
of Wheat. price of wheat for the whole year 1846 was 54s. 8d. per quarter, and after the repeal of the Corn Laws, which

took place in that year, taking the average of ten years the price of wheat was 55s. 4d. per quarter. or 8d. dearer than it was during the year 1846, when the repeal took place. Now, from all this I ask you to accept the statement, which I make without fear of refutation, that it is a mistake to say either that dear bread was the cause of the repeal of the Corn Laws, or, secondly, that the repeal of the Corn Laws produced immediately any reduction in the price of bread. But I have still something else to which I have to call your attention. It is true, as you have been told, that after the repeal of the Corn Laws this country

Twenty-five entered on a period, which lasted for twenty-five years,
Years of of what I may call unparalleled prosperity. I do not
Prosperity: the deny it, but I say it had nothing whatever to do with
True Causes. the repeal of the Corn Laws, and very little to do with the introduction of Free Trade. The cause of the prosperity was the

discovery of gold in California and in Australia, the development of invention, the enormous increase of railways and the improvement of steamship communication, and generally the impetus which was given to the trade of the world. Everybody prospered, and we prospered more than all. Why? Because under a system of Protection in the years of which I have spoken, before the repeal of the Corn Laws, we had secured the supremacy in the world's markets, and the other countries of the world were backward owing to various circumstances, and we alone were in a position to take advantage of this great boom, as we should call it now—this great advance in the general commercial dealings of the world.

Now, I beg you to notice before I pass on that nothing that I have said is intended to show to you that it was wrong to adopt Free Trade

Free Trade at the time and under the circumstances in which it was
Best Economic adopted. That is a different question altogether. All I
Policy when want to prove to you is—and I think I have proved it—
Adopted. that it was not any dearth of the loaf which made Free

Trade necessary, and that, on the contrary, as Mr. Montgredien tells us, Free Trade was carried on in this country because people were persuaded at that time, and I think rightly persuaded, that, at the moment and under the circumstances, it was the best economic policy for us to pursue. Now let us treat it in the same way. Let us get rid of all this idea that Protection is immediately followed by starvation and destitution. That is absolutely untrue. Let us get rid of the idea that Free Trade necessarily brings prosperity. That is altogether untrue. But let us, as business men—as fair men—consider quietly whether, under existing circumstances, the policy of Free Imports, which has taken the place of the policy of universal Free Trade, is the best for us. It may be the best for us, and, if so, I do not pretend that the country will be ruined by its adoption. It may not be the best for us, and in that case believe me the country will not suffer from adopting a different policy.

Now then I come to my next point. Here is one of the great changes which we have to recognise, which have altered the whole situation since Free Trade was adopted. Mr. Cobden

Cobden's Mis- based his whole argument on the assumption, that he
taken Assump- made in good faith, that if we adopted Free Trade it
tion. would mean free exchange between the nations of the

worlds, that if we adopted Free Trade five years, ten years, would not pass without all other nations adopting a similar system. That was his belief, and on the promise, the prediction which he offered, the country adopted Free Trade. Unfortunately he was mistaken. He told the country of his day that what he wanted to do was to keep England as the workshop of the world, and the rest of the world was to be the wheatfield for England. I came across a passage in Mr. Morley's "Life of Cobden" the other day, which really now, when you

Cobden and the think of what has actually happened, seems to be almost
United States. astounding. Mr. Cobden said that the United States or America, if Free Trade were adopted, would abandon

their premature manufactures, that the workmen in their factories would go back to the land. Mind, now I am quoting his exact words, "they would dig, delve, and plough for us." If that had been true I doubt whether I should have been here to-night, but it was not true; the Americans have not so conceived their national destiny, they have not believed that they were created by Providence in order to dig and delve and plough for us. They have thought that they have natural resources even greater than our own; they have thought that they could manufacture as well as us, and I am afraid that their ideas of the future have been much more correct than Mr. Cobden's. We have to deal with altogether different conditions. What happened when Free Trade was adopted in this country? Foreign countries which, as I have said, were backward in those days, were not manufacturers. Their Governments put on tariffs against our manufacturers. I daresay it is quite possible they may have suffered in the first instance. They thought of the future, they thought of their children, and they thought of their country, all very good things to remember occasionally. What was the result? Behind

**Building up
Industries
behind tariffs.**

the tariffs, behind the tariff wall they built up their industry gradually during the twenty-five years in which we were so prosperous after Free Trade. Gradually they became more and more manufacturing nations, gradually they got a firm hold on their own home market, and kept us out and established the industries which, not satisfied any longer with their own home markets, are now invading ours. I don't blame foreign countries, I don't appeal against their policy; but I ask you, as sensible men, are we really so conservative a nation that when such a change as that has taken place in the whole conditions of our trade we are still to say "We stick to our old tried policy."

Now I come to another point which, perhaps, is even of greater importance, at all events in the future, than the ones to which I have referred—I want to call your attention to the change in the relations between this country and its colonies. I want to call

**Changed
Relations with
our Colonies.**

your attention to the change in our political relations and to the change in our commercial relations. Now, take the commercial relations first. When I was at Glasgow the other day I pointed out that there had been a decline in our trade, in the exports of our manufactures to the foreign protected countries. I pointed out that our trade with the neutral countries, which, though they have tariffs, have not industries, and therefore are not protected in the true sense of the word, had remained stationary, and I pointed out that our trade with our colonies had increased by leaps and bounds, so that it had concealed the deficiency in our foreign trade. Well, I have seen no answer to that. My figures have been questioned—not that it has ever been denied that the figures in themselves were correct, but it has been suggested that other figures might be produced which would tell a different tale. I am not going into figures to-night, but I say that I defy my opponents to produce any

figures which are relevant to this statement and which will in any way refute it. It is quite true that they have produced volumes of statistics. I must paraphrase a remark of Sir William Harcourt about them, and I must say that where they are true they are irrelevant, and where they are relevant they are not true. But I dare say I shall have an opportunity in one form or another to deal with these alternative statistics. Meanwhile, I only tell you the result of my examination of them, and my conclusion is this—whether your trade is prosperous at the present time or whether it is not, its continuance depends essentially and mainly on the continuance, and even on the increase, of your trade with your colonies.

If that trade declines, if it does not increase, then I do not care what may be the truth as to comparative figures dealing with our foreign trade, but I say there will not be sufficient employment for our population, and we very likely shall be faced with a crisis even greater than our ancestors had to deal with in 1841.

Very well, it is our interest at the present moment—I am only dealing with interests—it is our interest to stimulate the prosperity and the progress of our colonies, and quite independent of any affection that we may have with them, quite independent of any gratitude that we may owe to them, it is to the interest of every one of us, and above all of the working man, to preserve with them our trade relations, to increase and to improve them. If we give them a preference they will reciprocate. If we take more from them they will take more from us.

Where does our Surplus Population go? There is one point which I do not think I have dealt with before, but it is of great importance, and it is this. Every year from our surplus population we send some of our best, our youngest, and our most intelligent. We send them abroad. Where do they go? They go for the most part under a foreign flag. They or their descendants break the connection, and they no longer are sheltered by the Union Jack. They no longer thrill with the sensations that move the Empire. I hope they remain friendly, but they are no longer to be counted among our supporters, among those who with us maintain the mighty edifice, the responsibility for which has been thrown on us. I am afraid I have been led into sentiment. Now I go back to interest. Every emigrant from this country who goes, let us say, to America, what is he?—a prospective customer of yours to the extent of six shillings. If he goes to Canada, he takes £2 from you. If he goes to Australia, he takes £5 or £6. If he goes to South Africa, he takes more.

The Colonists and Foreigners as Customers. Is not that worth considering? While we are dealing exclusively with these matters of pocket, had not we better think whether it would not be worth our while, while there is still time, to hold this colonial trade, to increase it by every means in our power, rather than to depend on the crumbs which fall from the foreign man's table? Therefore, it is that I invite you—it is one of my reasons, at any rate, that I invite you—to treat your friends better than those who are your rivals and your competitors.

“The friends you have, and their adoption tried,
Grapple them to your soul with hoops of steel.”

I say that it is in your own interest, that it is absolutely impossible that anything which contributes to the prosperity of the colonies, which fills up their waste land, which makes them richer, will not react and add to your prosperity also.

But there is more than that. The pocket is not everything in these matters. There is more than that, and I warn you that if you are out of sympathy with your colonies, if you think that because they have, following every other nation, adopted a different policy to yours therefore they are foolish and must not be listened to, if you reject their offers to you, made in the most patriotic spirit, and not solely with any view to their own interest—because many of them believe that the concessions which are asked for them are greater than, if they regarded their own prosperity alone, it would be worth their while to give—but granted by them because they share your feeling as to the Empire of which they form a part—if you reject these offers, if you will not

An Opportunity co-operate in sustaining that Empire on the lines that they offer, then you may lose your opportunity and it that may never recur. may never recur. Then, I warn you, you will never have

that bond of commercial unity which at one time, at any rate, was the wish of Lord Rosebery, and if you have no bond of commercial unity you will never secure that Imperial Federation for which Lord Rosebery declared that he was willing to die. I do not think it is necessary for anybody to die. For my own part I am contented to live for the Empire. But I ask you, I ask the people of this country, to settle in the first place, when you are dealing with this question of preference to the Colonies: Do or do you not want political union? Do you want to draw the bonds closer? (a Voice: "We have got brothers there.") Yes, I agree with my friend; we have brothers there. We reverence and glory in these family ties, and no man, no politician, shall induce us to do anything that would sacrifice them.

But, then, this brings me to another stage. In 1846 our position with regard to the Colonies was very different; the policy of the leaders of the Free Trade agitation was very different. The circumstances have changed again. I ask you, if the circumstances have changed, are we so stupid that we cannot change to meet them? Now, the leaders of the Free Trade agitation were not exactly enthusiastic about

Mr. Cobden Imperial union. I quoted the other day at Newcastle a letter from Mr. Cobden, in which he distinctly said that **and** he thought one result of Free Trade would be gradually **the Colonies.** and imperceptibly to loosen the bonds which unite us to the Colonies; and I said that nowadays we did not want to loosen those bonds, and that accordingly, if our policy tended in that direction, we must change the policy. But to-day in the *Times* I see a letter from a gentleman, whom I will not name, and whom I do not know, who politely tells me that that is an untruth. That is an illustration of the way in which our opponents carry on the controversy. I will not follow them. The letter of Mr. Cobden speaks for itself; but if that is not enough I will give them another. Here is what Mr. Cobden

said in speaking of our relations with Canada. He said, "In my opinion, it is for the interests of both"—that is, of this country and of Canada—"that we should as speedily as possible sever the political thread by which we are as communities connected, and leave the individuals on both sides to cultivate relations of commerce and friendly intercourse, as with other nations." Mr. Cobden did not stand alone in those times. It was not merely the leaders of the Free Trade movement, but a large party in this country who regarded the colonies as a costly encumbrance and gave them self-government, not with the hope that they would thereby draw them closer to ourselves, but with the hope that they would take the reins into their own hands, that they would separate from us and become separate nations. I am not going to argue whether they were right or wrong. That question has been settled. But if that was the idea which prevailed in 1846 in regard to the Empire, in regard to the colonies, with our kinsmen abroad, now that we have changed the idea we must be prepared to adopt a new system to meet the altered circumstances.

Now I ask myself the question, is it certain that the modern leaders of the Free Trade Party do not share these antiquated views of Mr. Cobden and his friends? I am not for a moment denying that, according to their views, according to their opinions, they are

Modern Free Traders and Mr. Cobden's Views. just as patriotic as we are. I am not discussing the morality of the question. I am discussing the fact—do they think with us that closer relations with our brothers

is not only a desirable thing in itself, but that it is our duty, our primary duty, to achieve it? When I read the speeches that are made by Sir William Harcourt, Sir Henry Campbell-Bannerman, and by Mr. Courtney—well, I cannot find in any one of them any trace of the true appreciation of what the Empire means. I cannot find any enthusiasm, any sentiment whatever, any chord that can be touched that will strike to this great ideal, as I believe it to be, of the British people. I hope I do not do them an injustice, but I cannot see that they care one brass button about Imperial union. The only thing they seem to care about is the union of the Radical Party. Then it will be said, "Surely you do not attribute similar views to men like Sir Michael Hicks-Beach, Mr. Ritchie, Lord Goschen, and, above all, the Duke of Devonshire." No I do not, but I admit that I am totally unable to understand exactly what their position is. They seem to me to be Imperialists in theory

Imperialists in Theory and Little Englanders in Practice. and Little Englanders in practice. They wish to see Imperial union, and they refuse to do anything to secure it. Here is Sir Michael Hicks-Beach, for instance, of whom I desire to speak with the greatest respect, but he himself boasts that he has always been against preference.

He refused a preference on wine, which would not have increased the price of food to the working classes; he has refused a preference on wine when it was asked for by the Australians, he has refused a preference on tea, he has refused a preference on sugar, he has refused a preference on corn, and he was equally ready in his refusal to do a little better for our brothers than he would do for

strangers. I don't understand him. It may be all right, but to my mind that is not an Imperialist policy. All these gentlemen have joined the Free Food League. At first I understood that they had joined because they were determined Free Traders, that they would not listen to any depreciation of that doctrine that could be placed before them. But I find I am mistaken. That is not their position, because they are going to support the Government, and the Government have declared, through the Prime Minister, in unmistakable language, that they are not going to allow the foreigner any longer to engage in an unfair competition with this country, or to dump their goods here without any restriction. That may be, but no one can conceal from himself that that is a position which is inconsistent with the absolute Free Trade doctrine, and in accepting it the Free Fooder has shown that it is not against protection that they are so anxious to protest, but it is against a preference to the Colonies. You may protect yourselves against the foreigner.

If you give any advantage, even to those who offer you an advantage in return, if in any way, accidentally or otherwise, you benefit your kinsmen abroad, you assist the Colonies into a position **The Position of** in which they will be still more important than they are "Free Fooders." now as parts of the Empire, if you make concessions to them in order to show your gratitude, if you negotiate with them for this purpose, then that is anathema maranatha, and the Free Food League is prepared to hound out of public life any statesman who will have the audacity to oppose a policy of that kind. I have said, and I say again, I do not understand the position of the Free Food League.

But I turn to another class. I turn to that class of **Mr. Asquith** our opponents which is very ably represented by Mr. **and the Unity** Asquith. They profess to be, and I believe they are, an **of the Empire.** Imperialist section of the community. Mr. Asquith declares his sympathy, his entire sympathy, with the consolidation of the Empire, and his view is that my proposal will destroy the unity of Empire. The argument is very simple: "If you only get into negotiation with your friend then you will quarrel with him. You may negotiate with foreign countries, you may make a reciprocity treatment with France, you may make a treatment with any other country even on the most ticklish subject, but for heaven's sake, even when your friends in the Colonies ask you, for heaven's sake don't get into negotiation with them." Mr. Asquith says, "I trust to sentiment, the splendid feeling existing between the Colonies and the Mother Country. Let it alone. Don't touch it." And then he argues in favour of an

The Proposal
for an Imperial
Council.

Imperial Council, a thing which I myself greatly desire, which on two separate occasions I have proposed to the representatives of our self-governing Colonies. They, on two separate occasions, have said that it was premature for them to consider. He proposes this Imperial Council, and what does he think it is going to do? Why, that Imperial Council, whenever it is established, will have to do with such delicate matters

as Imperial defence, as Imperial legislation, as Imperial taxation. Apparently, Mr. Asquith thinks sentiment is strong enough to allow us to negotiate with our Colonies on such matters, and at the same time it is too brittle when we begin to talk about a tax on, let us say, brass work or something of that kind. Then at once they would break off, and the Empire would be disrupted. I do not take this view of the opinion of our Colonies. I believe we may just as safely negotiate with them as we may negotiate with any other people on the face of the earth. And I believe they will meet us with a greater desire to come together than anybody else with whom we could possibly enter into communication.

Then there is another objection which they give. They say, "Oh, what Mr. Chamberlain proposes is a one-sided arrangement." "The Colonies"—that is Mr. Asquith's view—"the Colonies," he says, "have not shown the slightest inclination to respond to his offers. They will offer nothing worth having in return." Now, how does he know? It is news to me. Whence does he derive this astounding information? Well, I know something of the Colonies, but I am not

**What will
the
Colonies do?**

bold enough, I am not presumptuous enough, to predict beforehand exactly what all those great States, each with its separate Government, each with its separate interests, will do in any case which has not yet arisen. I have confidence that they will do what is right. But I refrain altogether. I have not this special information at my disposal which would justify me in saying exactly how they will meet our offers when they are made to them. But time will show whether I have undertaken this crusade in ignorance of their wishes, or of their intentions. Meanwhile there are some things that we all know except Mr. Asquith. They are public property. We know, for instance, that a preferential system has been asked for by all the Colonies on three separate occasions. It was asked for at the Ottawa Conference; it was asked for at the two conferences over which I presided in London. It was asked for by the representatives of the several Colonies, and they were not repudiated when they returned home.

**A Preferential
System Asked
For by the
Colonies.**

We know as regards Canada that the Prime Minister of Canada, that the Leader of the Opposition, that Mr. Tarte, one of the most distinguished representatives of French Canada, are all in favour of this principle. We know that Mr. Fielding, who is Minister of Finance in the present Government, in his Budget Speech in the Canadian Parliament, while saying that reciprocal preference was what the Canadian people desired, also said that if their offers and suggestions were put aside by the Mother Country no one could complain if they considered themselves free to review, to reconsider, the preference that they had already given us. They gave us voluntarily of their own accord a preference

**The
Canadian
Preference.**

of 33 1-3 per cent., and the result of that preference is that our trade with Canada has gone up in the last few years until it is nearly doubled. It has increased by something like six millions, and the Canadian Government and the Canadian Opposition say that if we are willing to

reciprocate they are willing to negotiate and see if they cannot give us further advantage. So much for Canada. In Australia the Prime Minister, and I may say the Prime Minister of New Zealand, both made this policy of reciprocal preference the leading article of their programme, and my friend Mr. Reid, who is Leader of the Opposition in Australia, though he is himself a convinced Free Trader, has, if the reports of his speeches have been correct, declared that, if he could not have absolute Free Trade, he should be prepared to give to the Mother Country a preference of 50 per cent. In South Africa the whole of the British community is in favour of the preference of 25 per cent. which has already been acceded to us. Mr. Hofmeyr, the leader of the Dutch community in Capetown, made no objection; but he has stated, as he has stated before, that if there is to be no reciprocity, he does not believe that this preference will last. Now

Australia and South Africa. there are things which cannot be repudiated. They are facts; you may draw your own conclusions. For my part I say when I remember how the Colonies responded to our appeal, when I remember how when we were in stress and difficulty they sent us men in thousands and tens of thousands, how they paid money, small, indeed, in comparison to our vast expenditure, but not inconsiderable when you have in mind the relative proportion of our population, when I remember how when everyone's hand seemed raised against us, we relied and rested on the moral support that we had from these great growing States across the sea, I for one am not prepared to treat their proposals with contempt. I believe that we may reciprocate with them without fear of a quarrel, and that they will show to us the same spirit of generosity and patriotism which I hope we shall be ready to show to them.

Now I have dealt with some general considerations, and I want to say a few words on certain practical aspects of the question. Mr. Asquith, in his speech on Saturday, complained that I ignored the home trade, and that I did not answer his arguments on this question. Well, I beg Mr. Asquith's pardon. I cannot answer every argument in one speech—I cannot

The charge of ignoring the Home Trade. answer all my opponents at once. I remember a case, reported at the time, of a civilian in a foreign country who was supposed to have said something very offensive of a certain regiment. The whole of the officers of the regiment, from the colonel down to, I don't know what it was—the ensign—sent him a challenge. He accepted all the challenges, but he said he would prefer, if they did not object, that they should kill him one by one. He added that he hoped they would draw lots as to which should be the first. I wish my opponents would draw lots. But I am willing to put Mr. Asquith in the front rank. Now, what does he mean? I ignore the home trade! I do not think I have made a single speech in which I have not given extreme importance to it. Why, the main object I have in view in the whole of this crusade is to secure for this country a strong home trade, and to make it the centre of a self-sustaining Empire! I gather that Mr. Asquith thinks that the home trade is very prosperous, and that, if that is the

case, it does not matter how much our export trade may be declining. Well, I am not certain that the home trade is very prosperous. But, suppose it is, it is no answer at all to my argument. If the foreign trade is declining, and if at the same time foreigners are sending more and more of their goods into our home market, why, it does not take a genius to discover that, in that case, the home market will suffer sooner or later, and more likely sooner than later.

Now, I believe that all this is a part of the old fallacy about the transfer of employment. This is the idea—you are engaged in a certain industry; that industry is destroyed by dumping, or foreign competition, or by sweating, or by any other cause. Very well, you have no right to complain; some other industry is prospering, and it is your own fault if you do not leave the industry which is falling for the industry which is rising. It is an admirable theory; it satisfies everything but an empty stomach. Look how easy it is. Your once great trade of sugar refining is gone. All right, try jam. Your iron trade is going; never mind, you can make mouse-traps. The cotton trade is threatened. Well, what does that matter to you? Suppose you try doll's eyes. It was once a Birmingham trade. That is why I mention it. How long is this to go on? Take sugar refining. That went; jam took its place. Why on earth are you to suppose that the same process which ruined the sugar refinery will not in course of time be applied to jam, and when jam has gone then you have to find something else; and, believe me, though the industries of this country are very various you cannot go on for ever. You cannot go on watching with indifference the disappearance of your principal industries and always hope you will be able to replace them by secondary and inferior ones. And putting aside altogether the unfair individual suffering that is caused by every process of employment, by taking a working man from some trade to which he has been brought up, in which he has been engaged all his life, and setting him down to something to which he is not accustomed, and for which he has no aptitude—putting aside all that individual suffering, I say—there is no evidence whatever that there is any real compensation to be made; there is no evidence whatever that when one trade goes another immediately takes its place.

I observe that Sir William Harcourt has been looking at the Blue Book, and not only that, but he has taken advantage of passing through Birmingham in a railway carriage to make observations as to our commercial position.

What he says in effect is: "It may be that some industries are decaying, but then others are growing. As I passed through these places I saw evidence of enormous activity on the part of the building

The Building Trade. trade." I have a letter from a builder in Derby who says: "In Derby a great number of men are out of employment in the building trade." But really that does

not affect the argument. The building trade—what does it mean? When the tinplate trade is bad are the tinplate operatives to start laying bricks? But what an illustration, what an unfortunate illustration, it would be! The building trade! Why, gentlemen, the building trade

is one of the few trades in this country which is protected not by legislation but by the circumstances, the necessary circumstances, of the trade and the regulations of the trade. Have you ever heard—there may be a case, but I do not know of it—have you ever heard of a foreign contractor, say an Italian builder, coming over here and competing with British builders to build houses or public buildings, or manufacturers bringing over with them their own labour, at, let us say, 1s. to 2s. 6d. a day, and accordingly contracting for much lower prices? My latest experience is that of the Birmingham University. We put forward our specifications and asked for tenders, and no foreigner offered to compete, and accordingly, if the progress of the building trade is to be quoted at all it tells in favour of Protection and not in favour of Free Trade. As I have said, by natural circumstances the building trade is protected, and if there were to be such an incident, if a foreign contractor were to come over from some country where labour is cheap and bring that cheap labour to build our university or anything else, I think he would find himself in a very difficult position. I say, then, that it is childish, absolutely childish, to suggest to you either in the first place that a decaying industry can transfer all its capital and all its labour to the building trade or to some other prosperous industry, and in the second place it is absurd to suppose that an industry in the condition of the building trade is any argument whatever in favour of free imports. If you had taken building materials that

Building Materials. would have been a very different thing. I think those who make all the details of house furniture, those who make iron girders for supporting your floors and roofs,

those who in former times, at any rate, those joiners and carpenters, who make doors and window frames, they perhaps would have a different tale to tell. While the builders' trade, as a contractors' trade, as I have said, is naturally protected, there is no protection at all for the material which goes into the business. Now, if our opponents fail, as I think they do absolutely, in producing any satisfactory explanation that would justify us in believing that all this loss in one trade is made up in another, let us see if they cannot get them out of prosperous industries.

What is the condition of the decaying industries?

Decaying Industries. Mr. Asquith jeers at me; he says here have I been at work, I don't know how long, with assistance—I wish I had it—that I have been at work getting particulars of

those decaying trades, and I have been able to produce very few. On the contrary, I can produce scores and scores of instances, but I am not going to fill up a speech with particulars of decaying industries. What I have done is to deal at each place I have visited with some of the industries with which the people were familiar. I will take one or two out of a sheaf in which Birmingham men are concerned.

Birmingham Jewellery Trade. Take the jewellery trade. We have only statistics for three years; before that time the Board of Trade did not separate jewellery. In 1900 we sold to foreigners £50,000 worth, we imported from foreigners £137,000 worth, and we were £87,000 to the bad. Yes, that was in 1900, but in

1902 we were £170,000 to the bad. That is to say, in those three years, in this foreign trade, we are twice as badly off as we were in 1900. What is the reason? Well, there are tariffs, tariffs which prevent you from sending your jewellery into those foreign countries and which range up to 45 per cent. And at the same time that that is going on the colonies are buying from you twice as much as all the foreign countries put together. It is a very curious thing, whichever way you look at this matter, whether you take an individual trade or whether you take the general results of trade altogether, it is always the same thing—decline in exports to foreign countries, increase in foreign imports to this country, only concealed, only compensated by increase in colonial trade.

Well, now, take brass manufactures. I mean the smaller
Brass Manufactures. brass manufactures. In the last ten years the imports from foreign countries increased threefold. The tariff on brass work ranges up to 60 per cent. The colonies are our best customers. Well, I do not know what our people think; but I think that if this continues and that if the colonial trade were to decline, as it will do if you do not adopt this system of reciprocal preference, then the brass trade will decline, and not all the trade unions in the world will save the brass trade from ruin, or the people who are employed in the brass trade from the destitution and misery from which we wish to save them.

Well, take one of the oldest trades in Birmingham—one mentioned in Hutton's History—the pearl button
The Pearl Button Trade. trade. In the pearl button trade six thousand work-people used to be employed; to-day there are about one thousand, and very few of them have full employment. Why is that? Well, it is largely due to the influence of the McKinley tariffs, which shut out the pearl buttons from America, and it is partly due to the dumping of pearl buttons from the Continent into England, and even into Birmingham itself. I received a telegram to-day from a great house in the city, which said that, whereas Birmingham used to produce small wares of all kinds, and was the largest source of them, now they were got chiefly from Germany, and that one of the greatest of the German manufacturers had told him that, if Mr. Chamberlain's policy were to be carried, he would bring his manufactory over here, and if he brought his manufactory over here it would be British workmen who would be employed, and who would get the wages which are now enjoyed by German workmen. Well, I wonder what has become of the five thousand pearl-button makers who were once employed, and who have lost their employment? I will only give you one more. I am going to take this time a comparatively new industry. Take the cycle

trade. Now, what is the case there? Our exports to
The Cycle Trade. the foreign protected countries fell £566,000 in ten years, and our exports to the Colonies rose in the same period £367,000. Why was that change? When the foreigners found that the manufacture of cycles was rather a good thing they put up their tariffs. The tariffs now imposed on cycles range up to 45 per cent. And not content with that, when the time of depression

was strongest in America, the Americans dumped their cycles down here at prices with which English manufacturers could not compete. In 1897 the United States sent to the United Kingdom alone £460,000 worth of cycles, and at the same time they flooded the Colonies, and sent them £340,000 worth, all of which we might have had, if we had had a tariff here to prevent unfair competition, and if we had had a preferential arrangement with the Colonies, which would have kept the trade for us.

I have one point more. If this great question had to be solved on these considerations, on the decline of our foreign trade, on the progress of our foreign competitors, on the necessity of keeping the colonies with us, I should have no fear. The working classes of this country, the business men of this country, they know where the shoe pinches much better than the political economists and the lawyers who profess to instruct them. But when we come to this, when we have

got so far, then our opponents play their trump card, The arguments and say "Very well, if it be true that your trade is against change. falling off, that your primary industries are decaying, you had better bear the evil that you know sooner than risk an evil that you 'wot not of.' You cannot make any change." Again, what a curious argument for a Radical: "You cannot make any change without being worse off; and above all, if you are foolish enough to listen to Mr. Chamberlain, you will find the price of your food increase. The old, bad days will return, destitution will be your lot, famine will stare you in the face. If you don't mind starving yourself, think of your families—think of your children." Gentlemen, I beg of you to treat the arguments of our opponents with more respect. Well, now, I have to say that all this prediction of evil as resulting from my proposals—a prediction which you ought to suspect because it comes from prophets who have always been wrong—this prediction is a grotesque misrepresentation.

I want to give you practical illustration. You know that **A Practical Illustration:** during the last few weeks the walls of Birmingham have been covered with a poster—a flaming poster—that is intended as an advertisement for a London newspaper **Big and Little Loaves.** which made itself notorious for its pro-Boer sympathies during the late war, and for the ready credence which it gave to every calumny on our soldiers or on our statesmen. Well, that poster shows you a big loaf—bigger than any I have ever seen, I should think it must weigh about eight and twenty pounds—and it shows you a little loaf smaller than I have ever seen, which, I suppose, might weigh a few ounces. It tickets one "the Free Trade Loaf," and it tickets the little one "the Zollverein Loaf," and the card has no other object than to induce you to believe that, if you adopt my policy of preference to the Colonies, this little bit of a loaf is that to which you and your families will be reduced, and you will have sacrificed the mammoth which appears in another part of the paper. I felt a curiosity to inquire what would be the exact difference in the size of a loaf if the whole tax which I propose to be put on corn was met by corresponding reduction

in the size of the loaf, and I asked my friend Mr. Alderman Bowkett to make me two loaves in order to test this question. (Mr. Chamberlain then displayed on the rostrum two loaves of bread.) Continuing, the right hon. gentleman said—I do not know whether your eyes are better than mine, but when I first saw these loaves I was absolutely unable to tell which was the big one. I know there is a difference because I know that in the smaller one a few ounces less flour had been used in order to correspond with the amount of tax, but it is still, I think, a sporting question—which is the big one and which is the little one? Now, there is a sample, and what is to be said of a cause which is supported by such dishonest representations as the one to which I have referred. You may see for yourselves the difference is slight, but that is not the whole of the case. I have given you figures and arguments, which I will not repeat, that there is reason to believe that the greater part of the tax, whatever it may be, will be paid by the foreigner and not by the consumer. I have said something else—so anxious am I that under no conceivable circumstances it shall ever be said I am the cause of raising the burden of life to the poor of this country—I have said I will take an extreme case. I suppose that the whole tax is paid by the consumer, and I will give him an exactly equivalent amount in remission from other taxes which enter into his daily life.

Well, I have done. I have endeavoured in the course of my speech to-night, as I have done in all the other speeches that I have delivered, while attempting to answer serious arguments, still to avoid anything in the nature of purely party or personal controversy. I

A Question recognise with sorrow many of those, some of those at
above Party. any rate, with whom I have been intimately connected in recent years of my political life, differ from me on this point. I recognise with pleasure and gratification that on the other hand some of the strongest of my opponents are with me now, not on party questions. They recognise, as I do, this is a question above party, a question which affects national interests. I have endeavoured to state the case as I see it, to state it fairly and honestly. I have not taken, as has been suggested, I have not taken my figures or my facts, or my quotations second-hand. Though I have had a great task put on my shoulders, yet I have endeavoured to verify, as far as that was possible to verify myself, everything that I have asserted. I have not tried to rush your decision. I have not endeavoured to take the people by surprise. On the contrary, I have asked for discussion and deliberation, and it is only after hearing all that can be said on both sides that I desire that you should come to your final conclusion. The issue will be in your hands. It will be with the people of this country, and none more momentous has ever been submitted to any nation at any time. There at any rate is one point on which all parties are agreed, whether we be Free Traders or whether we be tariff reformers, we all alike agree that the issue is one on which depends the prosperity of the country, the welfare of this people, the union of the Empire. For my part I care very little whether the result will be to make this country, already rich, a little richer. The character of a nation is

Character more
Important than
Opulence.

more important than its opulence. What I care for is that this people shall rise to the height of its great mission, that they who in past generations have made a Kingdom surpassed by none, should now in altered circumstances and new conditions show themselves to be worthy of the leadership of the British race, and in co-operation with our kinsmen across the seas should combine to make an Empire which may be, which ought to be, greater, more united, more fruitful for good than any Empire in human history.

Sir Michael Hicks Beach at Manchester.

5TH NOVEMBER, 1903.

IN spite of the undeserved compliments with which you (the chairman) have introduced my name, I own that the feeling which oppresses me at this moment is one of great diffidence. It is no small compliment to be invited to address in this great industrial centre, the birth-place and the cradle of Free Trade, a meeting of hard-headed, able business men, with a practical experience of affairs to which I cannot pretend, upon the great fiscal controversy of the day. I am aware of the limitations of the occasion. This is no political gathering. I have no chance of enlivening my observations by sarcasm at the expense of my political opponents, or by disparaging epithets on former colleagues. I also have to remember, and I recognise it with satisfaction, that I see before me men varying in opinion. There are, no doubt, strict and convinced Free-traders, there are doubtless also those who accept the policy of His Majesty's Government. There are possibly those who go further still, and agree in the policy of Mr. Chamberlain. Of all of them I would only ask this, that they will hear me patiently and quietly, and that they will at least give me the credit of endeavouring to put before them my own views and fearless opinions.

**Magnitude
of the
subject.**

I think everyone who attempts to address an audience on this question must feel himself hampered by the magnitude of the subject. It is impossible for any speaker, in the course of a single speech, to deal with all its parts or all its phases. I shall not attempt to do so to-day. I shall pass by practically altogether that part of the question which relates to retaliation or bargaining. I was responsible for the sugar convention, as a Minister of the Crown. I approved of that Convention, and I am prepared to say, looking as I do at the practical proposals which I find in the policy of the Prime Minister, that if any great industry in this country is attacked by illegitimate competition, in the way that the sugar-producing and sugar-refining industries were attacked, that that is a question with which it behoves Government and Parliament to deal.

**The
ultimate
issue.**

But the ultimate issue before the country is wider and larger than that. The ultimate issue before the country is to be found in what is known as the policy of Mr. Chamberlain, and I think I can describe that issue in no better way than this—that it is whether the guiding principle in future of our Customs tariff shall be a policy of free imports or a policy of Protection. Therefore, it is with that question, or with some points in that question, that I propose to attempt to-day to deal.

**Mr.
Gladstone
in 1860.**

Now Mr. Chamberlain the other day referred to a well-known speech by Mr. Gladstone in 1860. He quoted with approval a dictum of Mr. Gladstone to the effect that employment was of greater importance to the working classes than even cheaper bread. Well, I agree; I think it is. But then he went on, to my great surprise, to use that view in support of his present proposals. Now what are those proposals? You know very well—a two shillings a quarter duty on corn, a higher duty proportionately on flour, 5 per cent. on meat and dairy produce, and duties averaging 10 per cent. on all manufactured and partly manufactured goods. Well, now, when Mr. Gladstone propounded that opinion to Parliament what was the policy which he recommended? He was in a position, if he had chosen, to reduce the war taxation on tea and on sugar. He declined to do so. He said no for the reason that he gave and that Mr. Chamberlain quoted.

**The French
treaty.**

He preferred another policy. He made the well-known Cobden treaty with France; he took off the duties on silks, gloves, artificial flowers, watches, oils, musical instruments, leather, china, and glass, and he obtained reciprocal concessions from France for doing so. But, besides that, Mr. Gladstone went on to take off the duties on butter, tallow, cheese, oranges, eggs, nuts, nutmegs, paper, liquorice, and dates, and reduced duties on other goods. And why did he do so? Because, as he said, he thought that remissions of this kind would most effectually act on the trade and commerce of the country. He said that the improvement in the position of the working classes since the abolition of the Corn Laws had not been so much due even to cheaper bread as to the fact that Parliament had been engaged in setting free the general course of trade, and had thus put in action the forces which gave them the widest field and the highest remuneration for their labour. He boasted that he had reduced the tariff from 469 articles to 48, of which the revenue was substantially derived from only 15.

**Results of
Mr.
Gladstone's
policy.**

Now, Mr. Gladstone's object was, as he said, greater employment for the people. Mr. Chamberlain's object is the same. But what does he do? He takes off the taxes on tea and sugar, which Mr. Gladstone declined to touch, and he imposes fresh duties which, I will venture to say, taking them altogether, would add hundreds of articles to our tariff, thus absolutely reversing the fiscal policy which Mr. Gladstone induced Parliament to adopt in 1860. Very well, now, you will see that there

is an absolute contradiction of opinion and policy between those two statesmen. Which was right? That is a momentous question, but we may help ourselves to answer it by considering what history tells us of the results of Mr. Gladstone's policy. No one can deny that, after that great tariff reform in 1860, the trade of the country enormously increased, the condition of the working class enormously improved, that the wealth of the country grew, and that, in fact, the welfare of the country was undoubtedly increased by Mr. Gladstone's fiscal policy.

**Free play
to great
forces.**

Now, I don't say that all that was due to free imports. I am trying to state this case fairly. Of course it was largely due to steam, to electricity, to the great discoveries of science, to the production of gold, I dare say, and to developments of all kinds which were experienced for the benefit of the world in the years which succeeded 1860. But remember this, that free imports gave free play to all those great forces, and that is why I stand up to-day to support the general policy of Free Trade. Mr. Gladstone's object was, as he said, to lighten the springs of industry. He did it. Now, why are we asked to reverse that policy? Well, Mr. Chamberlain sees, looking at a review of the past thirty years, signs of decay in our trade. Now, throughout this discussion I hope nobody will attempt to deal with the matter as if either Free Trade, or Protection, or anything else can always secure good trade. That is impossible. You must have times of depression—perhaps there is one now; you will have times of prosperity—as you have had lately, and as we hope and know will come again. But, when you are dealing with these matters, you must make allowance for that. You must take a long series of years for the purpose of comparison, and you must try to make your comparison fair.

**Growth of
imports a sign
of increasing
wealth.**

Well, now, in what are there signs of decay under Free Trade? It is certainly not in our total trade. That has largely increased. It is not in our home trade. I do not think anyone can really go about the country now, who can remember as I can, thirty years ago, and say that the trade and industry of the country is not far greater and more thriving than it was then—the home trade, I mean. Very well, then, is it to be found in the growth of our imports? Why, gentlemen, to my mind the growth of our imports, taken generally, is a sign of the increasing wealth of the country. The wonderful idea that we pay for our imports by a drain of gold, or that we do not pay for them at all, I think, has been exploded long ago. Of course we pay for those imports. And does the extent of those imports reduce the employment of our working classes? Well now, you cannot get imports without exports. If you are to have exports, our workmen must be employed in making them in some way or another—visible or invisible exports, as they are termed—and although they may not be employed in making precisely the same things which we import, yet they will be making something else in profitable exchange for them.

**Cotton
industry.**

I am speaking, not of illegitimate competition, but of fair competition. Take, for example, your great

industry here—your cotton industry. You send more than seventy millions worth annually of cotton fabrics to other parts of the world. Well, now, how do you do that? Is there any illegitimate competition there? If I had supposed, when I was Chancellor of the Exchequer, that I had so framed the tariff as to give the cotton manufacturer a bounty on his exports, I confess my principles would have induced me to look into the matter and revise it. But you can do this because of your skill and energy, because of the cheapness of your machinery, and your buildings, which cheapness, remember, is due to the freedom of imports, and nobody abroad or anywhere else can complain that you are unfairly competing with their cotton manufacturers in their markets and underselling them, because it is a matter of fair competition between you. Of course there are some markets out of which you may be kept by the high tariff, but I am not speaking of that. That is a question for bargaining and retaliation. I am speaking of fair competition, and I venture to lay down this most strongly, that nothing could be worse for the trade and industry of this country than an attempt to make cheap imports that come to us here by a process of fair competition dearer to the people of this country.

We are told that our exports are not satisfactory ;
Export that our general exports are not largely increasing. I
trade. have endeavoured carefully to examine this, and I have arrived at a totally different conclusion. I think, if you take any fair comparison of values, you will find that the value of our exports is largely increasing, and I think if you look at the volume—which after all is a better test than value, because we know that prices have largely fallen—you will find that the increase has been simply enormous. Of course they have not increased, I daresay, in the same proportion as the exports of Germany and the United States. Very well. But those are countries, so to speak, in the process of development to the position which we have long ago attained.

Take the United States. Why, they have an enormous
Position of area, a Free Trade area, a variety of climate, natural
the United resources, a population very small to that area compared
States and with our own—they have all kinds of natural advantages
Germany. greater even than those which Providence has given to our own country. And the greatest part of the increase in their exports has been in the foodstuffs which we buy from them. And what about Germany? Why, in the last thirty years Germany has been developed from a number of little States to one great Empire, united by a Zollverein with freedom of trade within her borders, and there is every reason why the exports of a country like that should have been developed under any fiscal system.

But there is this further. We are told that our
German exports of manufactured goods to protected nations
steel are decreasing. I admit the mischief that is done
industry. to us by these foreign tariffs. But we must not exaggerate. Take, for example, our production of iron and steel. That

is a trade which is often put before us as one that is falling altogether, in comparison with the same trade in Germany. But what has happened, altogether apart from tariffs? In old days we were the happy possessors of the hematite ores. Only from hematite ores could steel be made, and Germany had to come to us for her supply of steel. Then came a great scientific discovery, and it was found that the phosphoric ores of Germany could be utilised for the production of steel, and a great steel-producing industry at once naturally sprung up in Germany. She was able to supply herself and to export steel here. What has that got to do with tariffs?

**Cotton
exports to
protected
countries.**

Take another case. I have spoken of the great exports of your cotton industry. Out of your total foreign exports I believe you send no less than one-fourth to the great protected countries—Germany, France, and the United States. How do you do that? Why, as I have said before, by your energy and your skill, and by the cheapness of your machinery and of your building materials, which enable you to compete with, and to beat, other manufacturers even in those protected countries.

**Ramifications
of
international
trade.**

But that is not all. In dealing with these matters of exports and imports you must not think of the figures of one country alone. I suppose that few people—probably none except those who are actually engaged in it—have the least conception of the wonderful ramifications of international trade. Now what happens? Take the case of France and of the United States. We buy from both those countries in value far more than we send to them. How do we pay the debt? In this way. France and the United States buy for their own needs from China, Turkey, South America, and other tropical countries silks and tropical produce of various kinds and in great quantities. How do they pay for them? Not by their own exports, but they come to us and they say, "Send your cotton goods to China and Turkey and the tropical countries in payment of our bills." And we do it, to a very large extent, as is proved by the fact that our exports to those countries which I have named are much larger than our imports from them.

**Thanks
to free
imports.**

But what does this mean? It means that again, thanks to free imports, we are able here to conduct a trade with these neutral countries which the cotton manufacturers and other manufactures of France and the United States cannot conduct for themselves, because of the dearness of their production. We take, through freedom of imports, what ought to be their market, and if you put an end to freedom of imports here, well, you will lose that part, at any rate, of your foreign trade.

**The proposed
duty on
manufactures.**

Now we are told that we ought, in this matter, to consider the interests of the producer rather than those of the consumer. Well, I am talking of the interests of the producer in this matter. I am referring to that part of Mr. Chamberlain's scheme which consists of an average duty of 10

per cent. on our imports of manufactured, or partly manufactured, goods. An average duty of 10 per cent. means, according to his explanation, a duty varying according to the amount of labour employed in the production of the goods. That is to say, what is partly raw material, on which little labour has been employed, would, I suppose, pay about 5 per cent., or perhaps less, while fully manufactured goods would pay probably 20 per cent. or more.

Now let me take two partly manufactured goods of great importance to our industry—iron and leather. I suppose on iron and leather a low duty would be put, but any duty on such articles as those, which are the raw materials of innumerable trades in this country, would be felt, I will venture to say, as a very serious burden by those who are engaged in manufacturing goods from iron or from leather, in competition with the world. Let us go further and take manufactured goods—machinery. What do you think of a 20 per cent. duty on machinery? Well, I am a farmer. I find that I can buy my reaping machines and other expensive implements more cheaply and better from the United States than I can in this country. There is no industry in this country more depressed than that of farming. Surely it will be an important difference to me, as it will to the cotton manufacturers of Lancashire, if a 20 per cent. tax is imposed on machinery.

Then please remember that, in all these matters, if you impose a tax upon the importation of goods what happens is this. The better class of goods come in, in spite of the tax. Wealthier persons buy them, and will have them at any price, but the inferior class of goods are stopped. They are purchased by the poorer classes and therefore the manufacturers of this inferior class of goods here are enabled to raise their prices upon them to a very considerable extent, to the detriment of the poorer consumer rather than of the rich. I think that it is right to put in a word for the poor consumer, who really seems to be almost forgotten in the controversies of the day.

Now I know it is said these duties are small, they won't materially raise the price, and we have a terrible conflict between economists as to whether a duty is paid by the consumer or the producer. I am not going to waste your time by entering into that conflict, but I may state very briefly my own opinion. I think it depends upon circumstances. Take one case. I can conceive a case in which a duty might be imposed which would be paid by nobody at all. You know there is a very considerable import duty on corn in France. When France has a good harvest she does not want any outside supply. She produces quite enough for her own needs, and no foreign corn comes in; there is no temptation for it to come in, nobody wants it; and therefore nobody pays the duty. Put an import duty on coal here. It would not have the slightest practical effect, not the slightest, for our import of coal is almost nil, so small that if it were stopped altogether there would be no increase in the price of our home coal.

**The 1/-
duty on
corn.**

Take another case. You know that last year I imposed a shilling duty upon corn. Part of that duty was certainly paid by some of the great railway companies in the United States, who lowered their rates to a certain extent in order to relieve the flour producers in the Western States of America, so as to place them on an equality with the home producer here. But I think, as a general rule, you may safely say this, that any Customs duty, however small, must have its effect in keeping up the price when the price is inclined to fall, or in raising the price when it is inclined to go up. That was laid down, I think, by Lord Goschen, and that, it seems to me, is the proper solution of the question. But I will say this. Take these duties that are now proposed upon corn, upon flour, upon meat, and upon dairy produce. They are not high in amount, although I think the corn duty is double the cost of the freight of a quarter of corn from New York to Liverpool. They are not high in amount. They cannot be

**Prices
certain to
rise.**

compared with the old protective duties intended to keep corn and flour out of this country, but as far as they go they certainly will increase the price of these articles. I thought that my duty of last year was so small that it would not increase the price of bread. Well, I made a mistake. I found that in not a few cases it had the effect of giving an excuse to the bakers to raise the price of bread, and therefore I must confess that I believe that doubling that duty, and adding also new duties on meat and dairy produce, must increase the cost of food to the working classes. Well, I don't think it necessary to pursue this argument further, for if those who make these proposals do not believe they would, why don't they tax maize and bacon and why do they propose to reduce the duties on tea and sugar? Now there is one point in this question which I wish to bring before you. I do not think myself, looking to the nature of the articles, that a reduction of the duties on tea and sugar could possibly make up to the poorer classes for an increase of the cost of bread, especially where there are children in the family.

**Action of
middlemen.**

But there is another factor in this matter which I think has been overlooked. I have had experience both in imposing and in taking off taxation, and I have found out that it is very much easier to place a burden on the consumer by imposing taxation than to relieve him by taking off taxation. Why? Because there are middlemen of all kinds, and the middlemen are extremely astute individuals. They are very slow to let the relief of a reduced tax filter down to the consumer, while they are very quick in imposing the burden of an increased tax upon some other person. Take the case of tea. I remember very well a debate in the House of Commons when I was Chancellor, when some gentleman proposed to reduce the duty on tea by twopence in the pound. One of the leading representatives of the grocery business in the country in the House of Commons got up and said that he would be delighted to see the duty abolished altogether, but he was quite

certain that a reduction of twopence in the pound would not relieve the consumer at all. That gentleman knew his business.

The case of sugar. But take the case of sugar. I imposed the sugar duty. When I imposed it I had to take into consideration this important matter—how I could secure that as much as possible of the increased payment that the consumer had to make on account of the new duty should reach the Exchequer. I fixed the duty, with that view, at 4s 2d. a hundred-weight on refined sugar. Why? Because I was informed on what I believed to be good authority that the retail price of sugar was apt to vary, not by a farthing, but by a halfpenny in the pound, and that, therefore, if I put a duty on of 4s. 2d., the seller of sugar would be able to recoup himself by charging an extra halfpenny in the pound, including 6d. on the hundredweight for commissions and other processes of the trade, so that nearly all the new tax would go into the Exchequer, and as little as possible into his pocket. * Very well, suppose you take off half the sugar duty. I confess, gentlemen, with my experience, I very much doubt whether the retail purchasers of a pound of sugar would get that sugar much cheaper because half the duty was taken off. In these cases really it must either be the whole or none, if you want to reduce the burden on the consumer.

A canon of British finance. There is another point—if I am not wearying you—and a very important point, in this matter, to which Mr. Chamberlain has never even alluded. What has been one of the canons of our finance for many years? Why, surely this, that in imposing Customs duties we should, as far as possible, either impose both a Customs duty and an Excise duty, so that the whole proceeds of the burden on the consumer may go into the Exchequer, or, if we could not impose an Excise duty, we should impose Customs duties only upon such articles as were not produced in this country. Well, now, Mr. Chamberlain's proposals would impose upon corn, upon meat, upon dairy produce, upon many kinds of manufactured or partly manufactured goods, Customs duties—on things that are produced in this country or in the colonies, but from which the Exchequer would derive only the Customs duty on the foreign part of the production, the result certainly being, assuming, as I have endeavoured to show, that the prices would be raised, that the prices of the whole supply—foreign, colonial, and home—would be raised by the amount of duty, while the Exchequer would receive—well, less than half, probably, of what the consumer had to pay.

Can anyone suppose the duties final? That is called “scientific taxation.” Well, now, I have always thought that scientific taxation consists in this—that you ought not to take out of the pockets of the consumer more than you require for the necessities of the country. But I have spoken of those duties as small. They are small, excepting in the cases, as I have pointed out to you, of some manufactured goods. But can anyone suppose that if these proposals were once accepted—if the country adopted them—looking to the arguments by which they are supported—can anyone suppose they

would remain at the figures at which they were put on? If they were successful in securing their object of transferring a great part of our supply of corn, flour, and meat, and dairy produce and fruit from foreign countries to the colonies, well, there is one thing which would certainly happen, and that is that the proceeds of the new duties would fail, and the taxpayers would be called upon to make up the deficiency.

If they were unsuccessful, that is to say if they were found not to be sufficient in amount to give the Colonies a real preference, or to give the protection for which the Chambers of Agriculture are now hungering, why, then, the very people who are pressing them upon us now would be the first to come and say "You must increase them." And I confess, although I can quite imagine that the Canadian farmer might be very willing to accept at first a two-shilling preference on his corn or his meat, when I think of the difficulties and the trouble and the expense that may be incurred in preventing the United States from fraudulently availing itself of this preference for its farm produce as well as the Canadian farm produce, I am not quite sure Canada would be very pleased with the bargain when once she had made it. But if, from any such cause or from any other cause, the preference was found insufficient, it is perfectly certain that the Colonies would come to us and say, "You have accepted the principle of protecting us in your market against the foreigner; you must see that it is carried out."

Well, now, that brings me to what was the first argument that was used in favour of this new policy. I think the Protectionist argument now is the principal argument, but the first was that it was necessary to keep the Empire together. No colonial statesman of any responsibility has ever said anything that justifies that statement. They have gone so far as to say that they do not want us to do this, if it would do any harm to ourselves. Now there was a Colonial Conference last year, and at that Conference a resolution was passed asking the Imperial Government favourably to consider the question of giving a preference to the colonies. But, in the discussion on that resolution, the Prime Ministers of all the Australasian and South African colonies agreed in this, that they were quite willing to give us such preference as they could without asking for any similar grant in return. And although Sir Wilfrid Laurier on behalf of Canada said that, for increased preference there, he would desire that we should give some preference in return, yet Canada has never said more than this: "Do not hurt yourself to benefit us. If you can give it us, well and good. If you cannot give it us, we shall be perfectly free to consider whether we shall retain the system as it is now."

Even Mr. Chamberlain himself does not anticipate any immediate evil result if we decline to give this preference, but he has told us that we must do something to increase our trade with our Colonies, because he holds it is so dangerously situated in other markets. I have dealt with that already, but he fears something in the Colonies themselves.

**Mr.
Chamberlain's
fears.**

He fears, in the first place, that the self-governing Colonies will make reciprocity treaties with foreign countries if we won't give them a preference. Well, I am bound to say I do not view that prospect with any great alarm. And why? Because if we retain our system of free imports it is perfectly certain that we shall still offer to our self-governing Colonies a freer and a better market than any foreign country with which they treat. Can anyone who believes, as I believe, in the loyalty and good-will of the Colonies to this country think for a moment that they would give us worse treatment in their markets, when we give them better treatment in our own than any such foreign country with which they may treat?

Colonial protection of manufacturing industries. Then Mr. Chamberlain says, "Oh, if you don't do this the Colonies may raise their protective tariffs against your manufactures." Will his plan prevent this? I don't believe it for a moment. Now what did he say only last night? He referred to Mr. Cobden's anticipations—I don't know whether they were accurately quoted; I daresay they were—as to the continued action of the United States in supplying us with corn and with meat. He said that Mr. Cobden had considered that it was the natural destiny of the United States to dig and delve and plough for us. Well, of course, the United States have not been satisfied with such a conception of their natural destiny. But Mr. Chamberlain thinks, and he said the other day, that our colonies would, in return for our preferences, arrange for tariffs in order not to start industries in competition with industries already existing in this country. Now our Colonies are, I am glad to say, young, ambitious, and thriving. They look forward to a great future, they look forward to becoming populous nations within the Empire. How are they to become populous nations if they are "cribbed, cabined, and confined" in developing such manufacturing industries as they desire to develop? And are we going to tell these great communities, to whom, we have given fiscal independence, that, because we are Free-Traders, and not Protectionists as they are, they are therefore to be prevented from developing them in their own way?

A suggestion dangerous to Imperial unity. Why, I cannot conceive a more dangerous suggestion to the unity of the Empire. The goodwill to the mother country, and the loyalty to the Empire which we are proud to see in our Colonies, spring from liberty and fiscal independence. Suppose they were foolish enough—I will guarantee though that none of them has authorised Mr. Chamberlain to say this, and I will guarantee that those members of your Chamber who went to Montreal the other day will tell you that, if such a proposal had been made to the Canadian Chambers of Commerce, it would have met with a chorus of condemnation—but supposing the statesmen of any self-governing colony were induced to accept such a doctrine now, and then some day there came a time when, by the discovery of some fresh mineral or an improvement of science, they were able and desired, under Protection, to develop a new industry, and their

Government told them, "No, you cannot do this; you are bound by your treaty with the mother country"—I wonder what sort of good-will there would be when they thought that they were prevented from developing themselves, in order to put money into the pockets of manufacturers at home.

"Little Englander" taunt ungenerous. I was charged last night with being a "Little Englander" in practice. I was an Imperialist,—I preached the doctrine of the permanent union of the Empire in England—ay, and in Canada itself—thirty or more years ago, when Mr. Chamberlain's political creed did not go beyond Birmingham. I am not a "Little Englander" because I refuse to accept a new policy which, I believe, will injure the United Kingdom and substitute for goodwill friction between ourselves and our colonies, because it is labelled "Imperialism." No, and I don't think it was generous to utter that taunt against myself and others who, as colleagues of Mr. Chamberlain, supported him through the South African War, and perhaps specially against myself, who not only at that time, but time after time, at his wish produced large sums from the Exchequer to develop our Crown Colonies, or to relieve distress within them, or to unite the Empire by the Pacific cable. No, I don't think that is quite fair.

A wider Imperialist than Mr. Chamberlain. I am a wider imperialist than Mr. Chamberlain. I look first, in considering the Empire, to the mother country, which bears nearly all the great burdens of Imperial defence, which is the kernel and centre of the Empire, and without which the Empire would end. I think the interests and the welfare of forty millions of our people here are more important than the wishes and, as I believe, the mistaken policy of eleven millions of our fellow countrymen in the self-governing colonies. But I am a wider Imperialist than Mr. Chamberlain because I look upon the Empire as a whole. He has made—well, half-a-dozen great speeches. He is the great, almost the sole, exponent of this new policy. I admire the ability and the energy with which he carries on his work; but he has never said a word about those portions of the Empire which contain an enormous majority of the total population of the Empire, and to which he seems never to have given a thought.

Position of India. Mr. Chamberlain has never said a word about India, and about those portions of our dominions, the Crown Colonies and elsewhere, which are practically under a non-protective tariff. Now what is the position of India? India is, in prosperous years, not very far short in her exports of wheat to this country of the exports of Canada. Well, are you going to protect Canadian wheat against Indian wheat? Because I may remind you that the Canadian tariff is protective, and is intended to remain protective, against your manufactures as compared with their own, but the Indian tariff is on the basis of a much lower duty. Well, I think it is clear that if you give a preference in wheat to Canada, you must also give a preference in wheat to India. But further, in considering the preference of corn, of wheat, of dairy produce, no doubt Mr. Chamberlain considered

properly what were the principal exports of the self-governing colonies of this country. You must do the same with India. India can fairly ask for a preference on rice and on tea. So can Ceylon. Give them that, and there is an end of the proceeds of your tea duty.

**India's
desire for
protection.**

Then there is something more, and more important still. We have imposed on India, for the finances of which, as well as of the Crown Colonies, the Imperial Government is almost as responsible as it is for the

finances of the United Kingdom, what is virtually a system of Free Trade. We are told by those who can speak with greater authority than myself that there is a strong protective opinion in India. They are content to accept a Free Trade system as long as this country maintains it for herself. Let this country adopt the principle of Protection, and what will they say? They will say, "Give us the freedom that you give to your self-governing Colonies. Let us do what you yourselves think best to do for your own interest. Let us adopt Protection in India." What will the great cotton industry here say to that?

**The different
interests in
the colonies.**

Depend upon it, these proposals, as far as they regard colonial preference, are fraught with the greatest danger of friction to the Empire and of trouble to the mother country. Just look at the different interests in the colonies. We talk of these self-governing colonies as if the growers of wheat and of meat and dairy produce comprised their whole population. Are there no producers of timber in Canada? Do you suppose you will gain the goodwill of the Canadian timber trade by giving a preference to the Canadian wheat grower, unless you do something for the Canadian timber trade too? And what do you propose to do for the Canadian timber trade? Well, if I am right in supposing that Mr. Chamberlain's 10 per cent. duty on manufactured and partly manufactured goods is to apply to colonial as well as to foreign goods, you do not do much for the Canadian timber trade by imposing a duty on sawn timber, which is one of them. Then what will South Africa say? South Africa sends us no food at all practically, but sends us a deal of wool, hides, and skins: you are brought to raw materials at once, in your desire to satisfy the conflicting colonial interests.

**Seeds of
trouble and
discontent.**

I was told last night that I objected to this system because it was going to do something for our Colonies. No, I object to it because I object to protective taxation, especially on food, and because I object to sowing what I believe to be the sources of evil and trouble and discontent and quarrelling between our Colonies and ourselves. I find nothing in these proposals of Mr. Chamberlain which should induce us to change the great fiscal policy under which the condition of our country has enormously improved, and the wages of our working class have increased, in their average amount and in their purchasing power, much above the wages of the corresponding class in any country in Europe, and which has also given them shorter hours. I believe that, in changing that policy for such reasons as are suggested to us, you are

taking the first step in a course fraught with great evil to this country. Why, we hear a great deal about Protection. There are many advocates of the State adopting Protection. I wonder whether one of these gentlemen, from Mr. Chaplin downwards, ever considers, when he wants to make a private purchase for himself, anything but how he can get the best goods that he wants in the cheapest market? You will not add to the wealth of the people by raising the prices of commodities by taxation. You cannot increase employment in this country by lessening the total capacity of the people to buy, or by attempting to interfere more than the necessities of your revenue compel you to interfere with the freedom of trade.

**Two great
things to
remember.**

There are two great things in the position of our country which nobody in dealing with this question ought to forget. The first is that we have built up, on a system of free imports, a gigantic and complicated industrial fabric such as has never yet been seen in any other country in the world; the second is that, in order to maintain that fabric, we are compelled to import by far the greater proportion of our foodstuffs and our raw materials from oversea. I don't say that that has been done without suffering and injury to some—no doubt that is so—but let us beware lest, in attempts to remove that suffering, which may not succeed and probably will not succeed, we ruin industries and interests of infinitely greater importance, and take the first step which will lead to social trouble and suffering in this country from which every wise man must shrink with alarm.

Viscount Goschen

at Liverpool.

6TH NOVEMBER, 1903.

I THANK you in the first place for the hearty welcome which you have just given to me. I have to ask you to traverse a considerably wide field to-day with me, and therefore I will ask you to allow me to dispense with many compliments on the greatness of your city, on the extension of your commerce, and on all those qualities which have made the city of Liverpool what it is. I wish to come to business as soon as possible. I recognise what Sir Alfred Jones has said, that Liverpool is a business city. I will try to speak to-day as to business men, and discard those personalities in which I think some of us have not yet indulged. I feel how kindly Mr. Chamberlain has spoken of me as an old colleague, as a friend, and as an opponent in years past. I wish to observe the same spirit in what I say to-day. I have been asked by the Chamber of Commerce to follow Mr. Chamberlain. That means to speak after him, and I must deal with many of the propositions which he has laid down, and I trust you will understand, as I know he will understand, that there is nothing personal in the observations I have to make. One more preliminary remark: I stand here as alive to modern thought, as alive to all the facts of the day, as conversant with all the trend of commerce in these later days, as the great protagonist of what may now be called the Protectionist cause. I will not theorise. I will only point to facts, and I will not deal with the theories even of the younger economists. I have worked out these problems for myself. I have been a patient observer of commercial, banking, and trade affairs, and it is from that point of view I speak to you as a business man.

In the first place, I would say a very few words in regard to one branch of the subject which at the present time does not loom very largely in the sight of the British public. I will begin by saying a few words on

Retaliation. I will not go into the matter, in my speech to-day, beyond this—to say that I stand now by what I said in the House of Lords when the subject was first introduced, that if there are

any extraordinary circumstances which require heroic legislation, I should not be averse to such heroic legislation being taken. It seems to me that this is not far from what Mr. Balfour meant when he said that, when there were cases of outrageous unfairness they should be dealt with, so long as a corresponding disadvantage to the country, in taking such retaliation, was not apparent. It seems to me that one covers about the same ground by those two declarations. Some of our critics say that if we once go as far as that, we give away the position. It appears to me we by no means give away the position. We are not theorists, and I thought our opponents prided themselves on not being theorists.

We are not so absolutely determined to be logical. **Treatment of special cases.** If we see special cases which require special treatment we should not say we are not prepared to deal with them, and we protest against this enforcing the position that, if we had said this, then we must say 'yes' to the whole of the remainder and 'go the whole hog.' We do not say 'yes' to the remainder, and we are not prepared to 'go the whole hog.'

There is one word more I want to say on retaliation. **The demand for a mandate.** It is a point to which I attach the very greatest importance. I want to know, and I think the public want to know, and business men want to know, what is meant when a mandate is to be asked for of the people. Does the Prime Minister, when he says he wants a mandate, mean that he wishes men to be returned at the next election who are not opposed to retaliation in such cases as he has indicated, men who would be prepared to support him in such a course, men who have taken the same line with regard to the exceptional cases in which retaliation would be admissible? Is that what he means by a mandate? If so, it is possible that he may get a mandate. Or does he mean to ask for a mandate that power is to be placed in the hands of the Executive Government, without a further appeal to Parliament, to say: We are authorised to meet the foreigner by a retaliatory tariff, under general powers conferred on us at a general election? If he means this, then I am totally opposed to such proposals. Mind you, I don't think he does mean this, but there is an ambiguity on the subject, and that ambiguity the public have a right to ask Mr. Balfour to clear up at the earliest possible opportunity. In this controversy, the sooner we can clear the way on all those points of controversy on which there may be a general agreement, let them be cleared away, so that we may narrow down the issues to those where differences of opinion still exist. I, therefore, ask Mr. Balfour, I entreat him, even in the interest of his own policy, to say distinctly that he does not ask for such an unconstitutional mandate as that which I have indicated. I hope he will say the question was superfluous, that no one in his senses could have asked such a question. I shall be quite content if he will take that course.

Mr. Chamberlain's proposals and the Colonies. But I will not hover on the outskirts of the battle, where only a skirmish is being fought. I will plunge straight into the hottest part of the battle, where the great champion himself is wielding his sword. I pass to

the proposals of Mr. Chamberlain, and in the first instance I must deal for a few moments with the question as to how far his proposals are likely, or not likely, to increase the bonds of sympathy between the Mother Country and the colonies. I will not say that this is strictly germane to questions considered of importance by the Chamber of Commerce, but on a late occasion, when I spoke simply on an economical part of the problem—namely, on the food question—the criticism was made on me that I seemed quite to ignore the other side of the question—namely, the effect on the colonies. So, if you will bear with me, I will say a few words on the question, how far it is true that, if we do not accept Mr. Chamberlain's policy, the colonies are likely to slip away from us. It would, indeed, affect this country, to an extent that we can scarcely like to imagine or to believe, if the colonies were slipping away from us. But we deny, and most of the colonials themselves deny, that they would slip away from us unless this policy were accepted by the people. I think myself it is not only unfair, but it is a little dangerous, and perhaps not quite statesmanlike, to hold up large portions of the community who are not yet prepared to accept this fiscal policy, to hold them up as unfriendly and unsympathetic to the colonies generally. Such an imputation, like Sir Michael Hicks Beach, I repudiate in the strongest possible terms. I do not so think of the colonies. They will not read this into the views of that part of the British people who dissent from Mr. Chamberlain's views.

**Mr. Reid
and
preference.**

I should like to read a few words from Mr. Reid, the leader of the Opposition in Australia. What does he say? "For this preference I would not ask any return for my land." For the preference given he would not ask any return, quite a different story from what we are told, that if we did not give such a return the colonies would slip away from us. "The Motherland is the great market for our produce. She has adopted the most generous and magnanimous policy towards us and towards all the nations that the world has ever known. She has done enough for the colonies without our demanding a price for our aid, least of all an increase in the cost of living, which she can ill afford to give, and when the day arrives that England can only maintain her trade by artificial preferential barriers, on that day England is doomed." That is a different reading from the one that England is doomed on the day she does not place a tariff on corn. "A time may arrive when England must place tariffs around herself, but that would be the very last ditch in which a defeated and driven back nation attempts to defend herself against conquering foes. England gained her supreme commercial position, not by barricades, but by proving herself superior in technical skill, in manufacturing ability, in knowledge, and in business enterprise."

**England
and the
Colonies.**

That is how I read our case. "Will you do nothing for the colonies?" say some of our critics and opponents. Yes, we will defend our colonies, we have defended our colonies. We saw a colony in danger, a colony which

had a call on us, and we gave her the treasure and the assistance necessary to keep that colony, and that will be the policy of England towards her colonies for all time to come. We will defend our colonies with our last man and our last sovereign. That is what we do for our colonies, but we do not believe that fiscal ties are necessarily the strongest. We think that silken ties are sometimes more elastic, and more likely to continue sympathy between the Mother Land and the colonies than a state of things which possibly may not lead to friction, but which the history of the past has shown us to be occasionally likely to produce it.

**What prefer-
ences are the
Colonies to
give?**

Well, you have allowed me to say so much about what may be called the sentimental part of the case, and I pass now to the businesslike part,—the proposals which have been made in order to bring about that which we all desire, a continuance of our intimate and close relations with the colonies. It is proposed to put, in the first place, 2s. duty on corn and other duties on meat and dairy produce, and on the other hand preferences are to be given to us by the colonies. What those preferences are to be, has not yet been revealed to us. With reference to the idea that the colonies will not lower their tariff in our favour, but that they will be good enough to raise the tariff as against the foreigner, I think it was Mr. Reid, whom I have quoted before, who says: "If you have got a wall which is 3 feet high and will keep out a dog, it is no great advantage to have a wall 5 feet high raised against another dog which would still not be able to cross the 3 feet wall." Well, how that may be I don't know. It has not yet been placed before us clearly what the preferences to be given by the colonies are to be, but we are to give them a 2s. duty on corn. Round that 2s. there has arisen, as you all know, a most interesting controversy. The object of that 2s. is to give a preference to Canada and other wheat-growing portions of the Empire, and, besides giving a preference to the colonies, there is an object which I entirely share and sympathise with, that of increasing the area of corn-growing countries. If we could increase the corn-growing area in Canada I admit it would be a very great advantage, but there is no part of the case on which we have had less information, than as to whether the two shillings will be able to bring about the result desired, especially when we are told that two shillings is not to raise the price of wheat in England.

Now, there is this difficulty which runs through the great portion of the policy of Mr. Chamberlain, that one never knows which of two alternatives he proposes ultimately to be the point on which he will take his stand. Supposing, in regard to the two shillings, there is no rise in the price in England, then the Canadian farmer will not get the two shillings more, and the expansion will not take place. But an expansion—a great expansion—is now in progress. Already economical causes are at work, and to that flourishing colony are proceeding farmers who are increasing its wheat-growing capacity. The desire to see wheat-growing increase in Canada is stimulated by two other

views—one is that the United States will not be able ultimately to produce enough for themselves, and, therefore, we should be able to rely more on Canada, and the other, that any of the great nations that supply us now, might be able to “starve us out,” and that then we might depend on Canada, our own Colony, for our supplies.

**The effect
of world
markets.**

There is, underlying these general views, oblivion to the existence of what I will call the world's markets. Supposing one country were to endeavour to exclude us and not to send us any wheat, prices would rise here.

We should be immediately supplied in greater quantities by the other countries from which we are drawing our supplies, and the country which wished to starve us out would be sending her corn to the identical countries which are supplying the deficiency she herself has caused. In all this general controversy it is forgotten too much that there are world markets, and that if you draw less from one country the balance is likely to be made up by your trade with another, and that there are continual circular tours being made by commodities, bills of exchange, and so forth, regulating the commerce of the world. There is absolutely nothing in the starving-out theory, because, if one country attempts it, the others will supply us with what we want, and the gap will be made up.

**Canada and
our corn
supply.**

The other difficulty, namely, that the States may want corn for themselves, and that, therefore, we ought to rely on Canada, leads me to suggest this. Supposing that, through larger demands with a non-progressive supply in the United States, supposing under those circumstances corn prices were to go up and the United States were supplying us less with corn, would Canada immediately send the corn to us? or what security have we got that the corn in Canada would not go across the frontier, in order to supply the Americans with corn which, on this assumption, they would be short of? Again it is a question of the world's markets. You cannot indicate a particular country and say that that particular country is going to supply us. It would be indeed unwise if we were to break our connection with other corn-growing countries, wishing to rely simply on our own Colonies. It sounds good. It has something in it which appeals to me, but I don't know that it is wise.

**Our corn
supply in
war time.**

“But,” say our critics, “would it not be well in time of war that we should rely on our colonies to send us corn, and should not we encourage Canada on that ground?” Let us look at this closely. Assume that the

United States are neutral or hostile? If the United States were hostile, I don't know that to have increased Canadian production would prove to have benefited us much. We should have great difficulty in getting their corn, and the work of the Navy to convoy it would be immense. But if the United States were neutral in time of war, we should have the great advantage of being able to draw on the United States rather than Canada, because the United States, being a neutral State, their whole interest would lie in shipping their wheat to us. It would come in neutral ships and would relieve, and there I speak as an old First Lord of the Admiralty, it would relieve the Navy

of their immense anxiety of having to convoy all the British corn-carrying ships. A neutral supplying us with wheat in time of war would, I say, be a distinct advantage to us from that point of view. There is nothing unpatriotic in this at all. I saw an exclamation at a public meeting, when this view was put forward, "Why not bring it in our own ships?" Well, if the American ships are neutral and ours belligerents, you are able to turn our fleets to the many other duties of the Navy, and you have the advantage of being supplied by large powerful neutral nations, such as the United States, determined to bring food to British markets in their own ships. No theories there! These are all clear facts which business men can understand.

I pass now to the question of the two shillings.

Is the 2/- duty final? One more observation on this. Are the two shillings going to be final? Supposing the Canadians want more, will they get it? Supposing we come on to that inclined

plane which leads from tax to tax, from step to step, will they be able to get more? I doubt it, for one reason on account of a very remarkable pledge that has been given by Mr. Chamberlain to the working classes, that in no case shall the cost of living be increased to them by his proposals, an undertaking that requires some boldness to give, but there it is, and, therefore, it appears to me that, as some of us contend that the 2s. already will raise the price of food, a higher duty is beyond the scope of his policy. Mind, I say that with perfect neutrality. It may be well that this fear should be dispersed. I think that he is pledged not to go beyond the 2s., but if he is pledged, how are Canadians to get all those benefits which they anticipate from this taxation? We may have imposed a tax which will scarcely have helped Canada, but we shall have increased the price of food in this country. I think this is a very serious matter.

The Old Guard of Protection. Then Mr. Chamberlain's agricultural allies—I don't know whether they think that the two shillings tax is going to be final. My belief is that some of those who flocked to his standard would be really in their hearts deeply disappointed if they thought that all their Protectionist methods were to end in a trifle like two shillings on corn, by which not one single additional acre would be cultivated, and not one single man be taken back to cultivate the land. I think that he would find that that Old Guard of Protection, those Reservists of Protection, would disperse with saddened countenances to their unprotected homes.

Who pays the tax? Now, I must ask you to be good enough to come to a rather more complicated problem than those with which I have been dealing hitherto. We must find out who pays the tax. I am not going to let this point go; it must be rammed home.

Let me state, in the briefest terms, what my position is. It is that such an additional tax enters in among the burdens which increase the cost of production.* Whether you see it or not, there it is. It is a lever to raise the price, and a drag upon the fall of the price. It is the ally or the middleman, which assists him when it is going up, and anticipates the

additional charge upon the loaf, and encourages to delay the fall, when the price is going down. I think Mr. Chamberlain said I had declared that the tax was invisible. And he passed on to assume that therefore it was imperceptible. But many things are invisible which are quite perceptible—air—fog is not always visible, but it is certainly not imperceptible. There are a hundred things. Take the freight involved in the cost of production. You cannot separate it from the price. You know it is there, you know you are paying for it, there it is though you cannot see it, and in the same way I say that the additional 2s. is included in the price though you cannot see it. With that part of my argument Mr. Chamberlain did not attempt to deal, but there it stands. I stand by it, notwithstanding other economists, one of whom, however, has, since Mr. Chamberlain's speech, repudiated the construction which Mr. Chamberlain had put on his political economy.

But at this point I feel bound to enter my protest.

Facts or authority? Are we to be dealt with by authorities, or are we to be dealt with by the facts of the case? We have been warned off the field of political economy, which we are told is obfuscated and nebulous. So I take my refuge in facts, but when we go to facts then they come out, and fire at our heads the pistol of authority. I doubt whether that is quite fair. Common sense declares to my mind, and the general feeling declares, that the increase of taxation means an increase of cost to the consumer. I think Mr. Chamberlain must have held that view very strongly himself, since he would not tax maize or bacon because it entered into the food of the poor. Above all, he would not tax raw material. Why? Because he felt instinctively, he felt as the community feels, that the taxation of objects does increase the price to the consumer.

Mr. Chamberlain's conundrum. Now, Mr. Chamberlain put a conundrum to me. He said: "Supposing there is an article which costs 7s., a woollen article which costs 7s., and the Americans put a tax of 100 per cent. on it, do you contend"—he supposes I should be inclined to contend—"that the price would go up to 14s.?" Well, then he said: "The Bradford manufacturer will be able to get his 14s., the consumer in America is paying it, why then should he be worse off than before? He will pay his 7s. for the goods and will recoup himself for the 7s. duty by the American consumer." Surely Mr. Chamberlain is business man enough to know that if you are going to put 100 per cent. more money into your venture, if besides your 7s. you are obliged to find seven extra shillings in order to pay the tax, whether you borrow it from the American friend, or divert it from some other part of your business, this enormous addition to the capital required is quite enough to prevent the British producer from competing, though the American consumer has got to pay the whole of the additional duty.

I hope you will excuse me for putting before you a concrete business case. The fact of the extra charges involved in this class of taxation does not seem to have been sufficiently considered in this controversy.

A Tinplate Story. I may take a test from America as to whether the consumer does or does not pay. It is a most interesting

story to my mind. It is a tinplate story. I must trouble you with a few figures on the matter. In 1890 Congress imposed a duty of £10 2s. 5d. a ton, which added 80 per cent. to the price. In 1894 the duty was reduced to £5 10s. In 1897 the duty was raised to £6 18s. The following figures show how closely the prices varied in America closely with the duties. From 1892-93 the price in England was £13 4s. 6d., the price in New York £23 6s. 8d., excess in New York being £10 2s. 2d., the duty being £10 2s. 6d.; the whole duty was thus paid by the American consumer. In 1895-96 the price in England was £11 1s. 6d.; in New York £16 12s. 6d. The excess in New York was £5 11s. and the duty was £5 10s., precisely corresponding in these two cases with the increase in the duty. In 1898-1900 prices were £12 5s. in England and £19 4s. 6d. in New York. The excess in New York was £6 19s. 6d., and the duty was £6 19s. 6d. I have thought it worth while to give a concrete case of this kind in order to bring out my position, which is that the consumer does in the main pay the tax. There are cases where he may not pay it, but in the main, as a general principle, he pays the tax.

Production over-stimulated by taxes. In this tinplate case, when he paid the whole of the tax, what became of the difference? The enormous profit on the manufacture stimulated their product so greatly that the supply outran the consumption, and prices should have declined, but the Tin Plate Trust intervened. In 1892, the manufacturers combined to form a gigantic monopoly—a monopoly you know under Protection—which succeeded in maintaining tinplates at the English price, plus the duty. In 1902, 386,000 tons of tinplates were manufactured in the United States so during that year the people of the United States paid their tinplate manufacturers two and a half millions more than if they had been allowed to buy them at English rates. I think, on the whole, one sees how Americans become millionaires. I confess that I am not prepared to facilitate the introduction of that system, the system of trusts. Trusts of such a kind are impossible in a country where Protection has not been introduced.

Price of corn in England and Germany. I pass to the question of the effect on the price of bread of a tax upon corn. What I showed on a previous occasion is that in France and Germany the price of corn has been raised enormously to the consumer through their very high tariff; and yet their position is such that it was not so likely that the price would be raised as in ours, because their total imports are so much less in proportion to their home growth, that it requires a greater effort, if I may use the phrase, for the taxes to lift the whole price over the whole area. The great Blue-book of 500 pages, which contains a vast amount of interesting knowledge, this Blue-book gives a table enabling a comparison to be made between the United Kingdom and Germany, both as regards the difference in wheat prices and the import duties during the last twenty years, (omitting four years in which, as changes took place in the rates of import duty either in Germany or in the United Kingdom,

it is impossible to make a satisfactory comparison). But for sixteen years of the period the figures are given. The mean excess of the average price of wheat per quarter in Germany in those sixteen years was 6s. $2\frac{1}{2}d.$ The excess of import duty was 7s. $5d.$, so that the import duty of 7s. $5d.$ was paid by the consumer except to the extent of 1s. $2\frac{1}{2}d.$ The difference became closer during the latter period of the year in proportion as Germany became more dependent on imported wheats. Between 1893 and 1901 the results were as follows:— Difference of import duty, 7s. $7\frac{1}{2}d.$; mean difference between England and Germany, 6s. $11d.$; so that the whole of the duty was paid except $8\frac{1}{2}d.$, and let me say that, before duties were imposed in Germany, the prices of Germany were, as one might expect for a wheat-growing country, always lower than ours.

Well, now, the same thing occurred in France.

The Blue-book figures. Mr. Chamberlain has replied to my figures, and how has he done it? He has done it by taking in the case of Germany a period of three years after the rise in the tax in 1885, and he deduces from those three years that the price had not risen in the same proportion as the tax. He follows the same process in France; he picks certain periods where he shows they did not correspond. I pick nothing, but I take from the Blue-book the actual figures which are given by the Government's own representatives, who examined the question and went into it, not with the view of proving one thing or another thing, but of putting the exact case before the public. I should be quite prepared myself, I would wish to put it to our critics, that the effect on wheat prices should be extracted from this Blue-book, should be put into the shape of a very cheap Parliamentary paper, and then it should be circulated without comment by the Birmingham Tariff League as well as by ourselves.

Price of corn in England and France. The case of France was as follows: The Blue-book distinguishes between the years of minimum import and other years. For the years of minimum import the duty being 12s. $2\frac{1}{2}d.$, on an average, the excess of the average price per quarter over British prices appeared to be 8s. $3d.$, being 3s. $11\frac{1}{2}d.$ less than the duty. That was in the years of minimum importation, when the average import was 30 lb. per head out of an average consumption of 480 lb. Then they give a table showing the average price in the remaining nine years, omitting, as in the case of Germany, years in which changes in duty took place. The startling result is as follows. The import duty was 7s. $5\frac{1}{2}d.$, the excess of average price over British prices was 9s. $11d.$ The excess of price was greater than the duty which had been imposed. After these statements in the Blue-book it seems to me impossible to challenge, not my figures, but the figures copied out of the Blue-book itself.

Now I come to the part of Mr. Chamberlain's proposals which involves a duty of 10 per cent. on the imported manufactures, and looking at his diagnosis of the case I am reminded of the first issue of popular literature on the subject, in which there was the startling heading "Bleeding to Death." It was argued that we were

bleeding to death because our imports exceeded our exports by 180 millions a year. Sir Michael Hicks Beach, in his most admirable speech last night, dealt with that subject, so I will only touch it most briefly. It is now acknowledged, I think, that freights, including in that term the whole of our ocean-carrying business, and interest from investments, cover this 180 millions in almost equal proportions—90 millions for freight, and 90 millions for interest on various investments. That is, I think, fairly accepted. Now this comment is made, that possibly our foreign investments mean that we have been selling securities to the Americans, and that we are fast losing our capital. Well, the interest has increased on our foreign investments, which does not look as if we are losing capital. But if that were so, how is it? We may sell possibly some American securities. At one time they dumped down their securities at a very low price on the British market. Since then the British investor has been able to return the dumped goods to the Americans at a very much higher price. Supposing that we have sold some of our American securities, what have we done with them? I think that any one who looks at the extravagant municipal and unremunerative expenditure and loans, which have been made during the last few years, will see that we needed capital in order to meet that great demand. That great demand has been met. But I do say it is not a direction in which even so wealthy a country as this can afford to launch out too much. Though the capital is intact, we must be careful that we do not involve too much of the capital in unremunerative expenditure.

**How we pay
for our
imports.**

I think that what I have said shows that we are not bleeding to death. We have paid for our imports. That is clear. We have not paid for them in gold, because the import of bullion flows in direct. That is clear.

So we have paid in exports and services rendered in the manner I have described. I have heard that there are a good many people, unlike the business people of Liverpool, who cannot understand the simplest business transaction, and I must trespass on your attention to show the man in the street, or the woman in the street, how this operates. Suppose a man to send out to Africa some beads which costs him £10—export £10. He goes to Africa and buys £100 worth of ivory with the proceeds of this £10; exports £10, return imports £100, bleeding to death £90! Now this hypothetical case illustrates how the balance of imports over exports might sometimes arise. We should be sorry if everything came back simply without any profit and without anything being paid for our ships.

**Other tests
besides
exports.**

Too much has been made of this test of declining exports. We must not look at it alone, though no doubt it is a very important element in a country, especially in a country like this where food importation is of such supreme importance. I will, for one moment, touch the question of other tests of our prosperity besides the test of exports. I will not dwell on it, because it is ground which has been covered a good deal. The income tax—you all know about that. I will only make this remark on it. It is said the income tax is not really a

legitimate test. It is some test, and I should like to see income tax returns for France and Germany, and to see how far, not only their exports, but their profits, are larger than those of the British merchant.

As regards the income tax let me correct one notion. **The Income-tax test.** I have been behind the scenes, and I know something about the matter. I have been one of the extortioners at the Inland Revenue. It is supposed, to an extent which is erroneous, that the income tax returns are simply swollen by the profits of the millionaires and the great rich. The profits are swollen in this country by the men engaged in the home industries, by thousands and thousands of men whose names you seldom hear of, but who are conducting very useful commerce inside the country, and leaving their business with adequate fortunes and with adequate incomes. There are a vast number of smaller people, and there is no evidence that the increase is, as suggested, mainly among the millionaires. It is spread over the whole of the people, and I am glad it is so spread and diffused. But, after all, that is but one test, and I do not wish to rely on it; but it is difficult to see, if wages have kept up their standard, how there can be that tendency to decay of which there has been so much said.

It has been said: "You don't only want cheaper goods, but you want the ability to buy." **The ability to buy.** But I am glad to think that the masses of this country have so far shown a fine ability to buy. It is shown that the working classes are more able to buy, have been more able to improve their homes and their living, and to improve their clothes. They have been advancing, and their advance is shown in every test that you choose to apply, whether in their friendly societies, which are the heirs of the guilds of old, or the wealth of the trade unions and the money which is available for strikes. All this shows that the prosperity of the country has not been confined to any one class, but that there has been a general diffusion of prosperity during the last few years. I am sorry that I cannot give this audience the sweet and tickling pleasure of hearing that you are all in a permanent decline.

That being the case, that being the apparent prosperity, I should like just to read what the Prime Minister has said with reference to this. He has given testimony of it in two interesting speeches, in both of which he examined the prosperity of the country, and in the end of the earlier one, in 1900, he said that he looked for the permanence of this state of things, to the industry, to the ability, and energy of his country, hoping at the same time there would be no increase of indirect taxation. But why the alarm which has been expressed at our situation? That alarm has been accentuated by the increased exports of Germany and France, and of other countries.

German prosperity. Look at Germany, it is said, look at her exports, see how she has gained the better of us, and learn from Germany to adopt the system of Protection under which her exports are so flourishing. What does the ordinary

man know of the prosperity of Germany, except through the export returns? Does he know in what position the masses in Germany are, that there are certain favoured industries, but that the German working man is enjoying less wages, and paying much more for his food, than his fellow workman in this country? Not only that, they have gone through crashes and catastrophes in Germany quite lately under Protection. They have gone through want of employment here and there. They have suffered, too, even in their industries; and then there is a vast army in Germany of the middle classes, of Government employés and railway servants, all with lower wages than the men in this country, and at the same time having to pay materially more for their food. Under those circumstances can you call that prosperity? And they are aware of it themselves. Mr. Balfour's exact words were, "My confidence in the future is based on the view of the steady progress in wealth, in education, population. It is based on a diminution in the burden of indirect taxation on the great masses of the community." It is not by an increase of burdens on food, I think, that that prosperity he foreshadows can possibly be encouraged.

Now I must trouble you to listen to the following, **German testimony.** from a German source, regarding the present economic condition of Germany. A memorial was presented, in 1902, by a very powerful organization with a vast number of members affiliated to it, which stated: "For two and a half years the whole economic life of Germany has been in a condition which bears the character of a crisis. Notwithstanding the considerable export trade which it is still conducting under the protection of existing treaties of commerce, German industry in its most productive branch is suffering from want of employment in a high degree. There is a very widespread want of work for those whom it employs, involving a reduction of wages. The spirit of enterprise is practically extinct. New plant is hardly anywhere being acquired, and manufacturing premises are hardly anywhere being extended. Moreover, the efforts of the employers at least to keep their works going have resulted, especially in the case of syndicated industries, in the exportation of a large portion of their production at unprecedentedly low prices, a procedure which, if it were to last much longer, must inflict the gravest damage on the German economic body."

Dumping. No doubt it would; no doubt this system of dumping at unremunerative prices at the expense of the consumer at home cannot go on. Our critics talk of our attitude being cowardly. I will employ no rough adjectives, but I think that to show much panic and apprehension at the proposed invasion of tottering trusts,—trusts which in their own country are being viewed with dismay, trusts which in the United States are viewed with such hostility and apprehension even by the President of the United States—is unnecessary. Nor do I think we need, in a panic, reverse the whole of our fiscal system for the fear of these institutions, or for fear of that American invasion. Remember, it was said the other day, it cannot be said too often, that trusts are the children of Protection. They can-

**Trusts the
children of
Protection.**

not grow up to the dimensions which they have now acquired ; they cannot grow up, if the hated foreigner is near ready to break down their trust, and if by standing exaggerated measures the trust should be fleecing the consumer, as the consumers are fleeced in protected countries. Mr. Chamberlain said that, if things went on as they are now, it would be well for the British workman to learn French and German. Do you think that the British workman will be tempted to go to the land where wages are lower and where food is dearer ? Not if he knows it.

The cardinal panacea for the alleged decline of our trade is to protect universally our industries against the dreadful foreigners, by the imposition of 10 per cent. on manufactures. We began more mildly than that. In the beginning it was illegitimate competition ; now it is to be any competition—a universal tax. Well, the imports of manufactured articles are said—I accept the figures of Mr. Chamberlain—to be ninety millions, and Mr. Chamberlain wished those

**Questions
about the
ninety millions.**

ninety millions of imports to be transferred to the British workmen. At Glasgow, I think, he said that he calculated that there would be forty-five millions per annum of wages in that ninety millions, which would employ 330,000 men at thirty shillings per week, with considerably over one million people dependent upon them. But I put this question. I have seen, in the earlier speeches, that there is to be an item of revenue of nine millions sterling upon ninety millions of imports which we are now receiving, and that the nine millions would be a comfortable asset in a redistribution of burdens. But I ask you how can there be any nine millions, or any benefit, if the ninety millions are to be kept out ? That is one of the dilemmas which run through the whole of these arguments. “Here are ninety millions which you can have, but the work is being filched from you. The detested foreigner is producing these ninety millions. You have 330,000 unemployed men. They can have this for their large families.” That is what Mr. Chamberlain offers—what is stolen from them—but it is clear, if they are to have it, and he builds a wall sufficiently high to keep out the ninety millions, that not one penny will be paid into the revenue by duties, and therefore the asset vanishes from the balance sheet.

One word more about this matter to which I should like to allude, that of non-employment. Mr. Chamberlain assumes, as do a great many Protectionists, that these imports are not paid for by exports on our side. They do not seem to see that we have got to pay for the imports, and that we are paying for them, and that, therefore, if there were no imports you would take away the whole of the employment from those goods which we are manufacturing to pay for them. I am glad to be relieved from the necessity of going further into that by the admirable exposition of Sir Michael Hicks Beach last night. He showed extremely well how close is the connection between imports and exports in that respect. But, supposing that Mr. Chamberlain’s views

were possible, and we could get the whole of the £90,000,000—I explain this to show what I think is a little exaggeration in these statements—where are the unemployed to come in?

I hope one of the first things our critics, the Protectionists, will do is to show that there is a general want of employment in this country. Let them point to the masses of men who are to be flung upon these imports when they come. Where are they to come from? There are a number of unemployed, there always have been unemployed. There are men unemployed in the building trade, which has nothing to do with this fiscal policy at all, except that building will be made infinitely dearer in all its parts under Protection. There are fluctuations at the docks, and there always must be a large number of men unemployed. But in the great industries, if you look back for a series of years, there has not been that want of employment which would justify the revolution in our fiscal policy which is proposed.

**New policy
does not
touch poverty.**

But they may say there are, outside the trades, a number of unemployed. Pauperism is heavy, and there are many who hang on the outskirts of pauperism, although not paupers themselves. Well, we have, I am sorry to say, inherited an amount of pauperism from the past which has given us in our great cities large numbers of men and women living under circumstances most distressing, which the social reformer must do his best to relieve. It is a problem which must demand everyone's attention, but it is not by tariffs, not by raising prices on food that you will be able to touch most of the poverty which exists in our great cities. I have been at the Poor Law Board myself, and I examined the matter with the greatest interest at the time. They are partly the thriftless and shiftless, partly the infirm, and children of the infirm; they are a mass living a most pathetic life, but at the time when there was a million of paupers in London it was hard to find a large number of able-bodied men. Able-bodied men are not found amongst the paupers. I do not believe that you could find all the unemployed men fully able to produce those goods which now come from abroad. It would have to be by "transfer of industry."

**India and the
Crown
Colonies.**

That leads me to say one word in passing, and it will be only one word, that is, that the subject of India is still left untouched by Mr. Chamberlain. It is marvellous that it should be so; it is marvellous that that great portion of our Dominion and our Colonies, our Crown Colonies, have counted for nothing in the whole of these discussions—India, upon which Lancashire so largely depends; India, so important to the cotton industry of this country. Do you not see that a duty upon the machinery which is employed in your cotton mills, and one which would have the effect of raising prices—through having raised the price of food—would hamper you in your exports? I object to this policy, because it will not secure even the object at which it aims. By this policy I believe that you would threaten the production of this country rather than stimulate it; you will make it dearer. That has been the case at all times, that the exporter is hampered by taxes of this kind. I

am sure there is no part of the country more interested in this than is the cotton industry of Lancashire.

The shipping industry. Take, again, the shipping industry. I have studied your case; I have looked carefully into it; I have mastered the statistics, and mastering the statistics means a good deal, because they are very controversial statistics. There are statistics on both sides, and it is difficult to arrive at the exact truth. But this seems to me to come out perfectly clear, that the shipping industry has expanded. There is the complaint in the shipping industry which has been made throughout this controversy, that the advance is not so fast as the advance of other countries, omitting, as I think, the fact that they start from so much lower a level. I do not think it is quite becoming in a strong man, still in his mature strength, still with all his resources and activity, to be so furious because youths, who were so much weaker than he some time ago, are now gradually arriving at a time of active and strong manhood.

Why Germans threaten British trade. You must not complain so much if countries such as Germany run you hard in the strife. I endorse what I heard to-day Sir Alfred Jones say in regard to the Germans, that it is not by their tariffs alone that they threaten us; they are a thrifty, an economic, and an industrious people, and they do not find the difficulty that British people do in attending to small things. They are not bored by details, and they live more economically, and in that no doubt they are formidable rivals. But you will find formidable rivals everywhere, Protection or no Protection.

To go back to your shipping. You have an expanding industry, and although your advance may not show on paper so considerable a rate as that of other countries, I am informed you have been gradually transforming your fleet from worse ships into better ships, into steel ships with greater carrying capacity, and the total amount of tonnage calculated by dead weight would be much greater than it appears in the chronicles of the register. On this question of shipping there is no doubt you have grievances, but I do not think they need be hitched on to tariff reform. I think you would be making a very bad bargain if you were, for the sake of some cloudy idea of what you might gain under tariff reform, to submit to certain disadvantages which the tariff reform would undoubtedly involve.

Legitimate grievances of shipping industry. There are many such grievances in your ports. For instance, there are the strict regulations of your own ships which are not enforced on foreign ships. That, I say, is a legitimate grievance; but it has absolutely nothing to do with tariff reform. Then there is the question of subsidies, which at the present time is being examined by the Subsidies Committee, and I have no doubt that the recommendations of that committee will have to be most carefully examined. There are other grievances upon which I had intended to speak, but all I will say of them all is this: "Push your grievances in the House of Commons, push your grievances in the House of Lords, push them wherever you can, but do not, for the sake of any belief that tariff reform will cure

them, incur serious disadvantages." But what are the disadvantages? Your ships will cost you much more to build than they cost now. They will cost more to repair. You know—I need not tell a Liverpool audience—that the cost of ships in Great Britain is so much below the cost elsewhere that sometimes you even dump down ships in foreign countries which are good enough to send you some of the materials cheap, and dirt cheap, which you require for the building of your ships. Now, in the eyes of others, that is a crime that must be stopped. Then if the ninety millions of imports are to be stopped from abroad, to be manufactured at home—mind, no part of that is promised to the colonies, because it has been promised to the 330,000 people—if those ninety millions do not come, then of course the outward commerce will be so much the less. You are the carriers for the world. Other countries have tried to compete with you; they have competed with you, and perhaps they have gained a little on you; but for the carriers of the world, freedom surely is of great importance, and also cheapness of construction, and as little interference as possible from the Board of Trade.

Mr. Chamberlain's contempt for Government Departments. Mr. Chamberlain said, "Oh, those Government departments." He uttered some tremendous phrase of contempt—something about the "futile apathy of Government departments," or words stronger than that.

I thought to myself, "Poor Board of Trade!" I thought they had been doing their best, but here is a Cabinet Minister, who has ample opportunity of judging, who says the Government departments are unsatisfactory, and in the face of that Mr. Chamberlain proposes that the tariff on all the articles produced in the United Kingdom is to be handed over to the Government; and that these incompetent Government officials are to draw up, with the advice—one knows what that means—with the advice of those interested, this universal tariff.

Difficulties of tariff construction. What are the difficulties of the execution of the great plan? Why, in Germany they have passed a maximum tariff. They constructed a tariff; at least they constructed it up to a certain point. It contained nearly 1,000 articles.

They saw they could never get it through their House of Commons, and so they passed a maximum tariff by the closure, without a single vote on any item of the tariff. Are you prepared to look forward to such a case? Are the traders of this country, are the merchants and the manufacturers, prepared to see a tariff discussed in the House of Commons for a time, and then passed by the closure, because no House of Commons could be found to deal with all the intricacies of the tariff.

Its dangers. Much has been written upon it, on the lobbying in the Commons, on the relations between Whips and tariffs, on the distress in the Cabinet, on all those difficulties which must arise, as they are already arising, as they already show themselves to the detriment of the conduct of business, in by-elections. Rochester clamoured for cement, and every constituency will also be desirous of having their own industry protected, and votes will be made to depend to a certain extent—it cannot

be otherwise — upon the particular industries of the particular locality.

I have to thank you most heartily for having listened to my long speech. I have entered upon a good many details, but I hope I have — I intended at least to have — kept my promise that there should be no theoretical discussion, no allusions to political economy, but an examination of the facts of the case itself.

**The tea
and sugar
taxes.**

I should like to ask, not of the Government, but of the future power, how is the remission of taxation which has been promised upon tea and sugar — how does that stand in the interval between now and the time to come?

I allude to it because I have asked the question, and others have asked the question, but no speaker on the other side has taken it up. I want to know, are the tea and sugar duties — put on for war — are they to be held back and kept on, in order to form an equivalent for the imposition of the corn duty? Is that the plan, or if it is not the plan, let us know it? Do the Government consider — quite apart from this plan — that there is not a call for the reduction of that part of the war taxation

**Some
questions
to be
answered.**

which was imposed at that time? And I do want to know whether the 2s. corn duty is going to accomplish that for which it is intended. I want to know whether it is ultimately in the minds of those who proposed it, to increase the price of corn here so as to help the Canadian farmer. I want to know which it is to be, whether the tax on manufactures is to be fixed so high as to prohibit the introduction of the ninety millions, or whether it is to be so high in order to get nine millions from its introduction. All these matters should be cleared up. I assure you I ask these questions with a desire that they should be impartially considered, and I hope that I ask them in a spirit as sympathetic to the colonies, as keenly interested in the whole welfare of the whole trading community, and in the welfare of the masses, as Mr. Chamberlain himself. I admire the services that he has rendered I admire the enthusiasm which he is displaying in this matter. I admire the ability with which he is conducting his campaign, but I do hope and trust that the very fire of his enthusiasm, which is warming the heart of the nation, may not lead its judgment astray.

The Earl of Rosebery at Leicester.

7TH NOVEMBER, 1903.

I THINK the first proceeding on an occasion of this kind, the one most congenial to our feelings, should be that you should authorize me to communicate in your name to Lord Spencer, the distinguished head of the Liberal Party in the House of Lords, your sympathy with him in the sore and life-long bereavement which has befallen him. To those who remember Lady Spencer as a brave and beautiful wife who stood by his side in the troubles and responsibilities of his two Viceroyalties, it seems impossible to exaggerate the sense of loss; but you will all feel for him and I know you will wish me to say so on your behalf.

No parallel to the present Government. From a subject which is one in which all parties and all classes of the community concur, I pass to one of a much less agreeable nature, because it is always pleasant to give sympathy to a friend in trouble, but when we see our opponents in trouble, it is perhaps a subject of very mingled feelings. I do not suppose that in the whole history of England you can find any parallel to the Government which is now controlling the destinies of this country. This extraordinary situation of affairs dates from the famous bombshell of the 15th of May. Every revelation given by any member of the Government throws fresh light on the singular nature of the Administration by which we have been governed since then. On the 15th of May it was suddenly announced that the Empire was in danger unless some measure of preferential tariff was conceded. Throughout the long session of Parliament the exertions of the Prime Minister were mainly devoted to preventing any discussion of that burning and trying topic. But now we know much more than that. We know that on the last day of the session Mr. Balfour presented to his Cabinet not one but two pamphlets. One pamphlet, which we have had the priceless privilege of purchasing, though somewhat perhaps jejune and even obscure, dwelt largely on the great prosperity of the country. It also urged

**Mr. Balfour's
second
pamphlet.**

retaliation. But we now know that the Prime Minister produced from his resources a second pamphlet which he offered as a policy for the Government, which contained the full scheme of preferential tariffs, including food taxes, which had been advocated by Mr. Chamberlain, and when that policy was rejected, the Prime Minister calmly put it back in his pocket until a more fitting occasion. Now, in what position, then, are we? The Free Traders have resigned, the great Protectionist has resigned. The Ministers who have stood for re-election are all studiously anxious, as they say, to prevent any taxation on food, and the Prime Minister sits with a pamphlet in each pocket ready for either event. He is in the strangest and most impartial position which any Minister has ever occupied, having discarded his principal colleagues on both sides of the question, and being ready to produce the pamphlet or the programme as may suit the occasion, and as a general election may guide.

**Prevailing
uncertainty.**

Now, his policy is more extraordinary even than that. Not merely does he sit balanced between two alternative policies, but we are to go on until a general election without any policy at all. That is to say, your commercial system is to remain in a condition of disquiet and unrest until it shall please His Majesty's Government to advise a dissolution, guided by the indications of their own convenience, until it shall please them to advise a dissolution, and relieve you from your anxiety as to the future of your trade. Now, I say that is not fair to the commercial community of this country. They are a Government existing on a policy—or on two policies, I know not which—of which there was no contemplation at the general election of 1900; and, indeed, I do not think there was much contemplation of any kind at the general election of 1900. There they are—a new growth, a new departure—simply, as it were, waiting on the hazard of the moment until they can decide that the moment is expedient for them to appeal to the country.

**Leicester
and leather.**

Take your case in Leicester. Your manufactures largely depend on leather imported from Germany and France and America. The next general election will settle whether a 10 per cent. duty is to be placed on this, and so handicap you in the markets of the world. It may be three years hence, it may be three months, but until the general election takes place at the good pleasure of His Majesty's present advisers you will not be out of your pains. Well, I say it is not a satisfactory condition of things that the food and the future of the whole community should be kept in the balance until it suits the convenience of the Government to appeal to the country.

**The figure in
the front
of the stage.**

But, after all, the Government have not very much to do with it. The Government seems to the impartial onlooker but a succession of shadows in the dim vista of the horizon. The figure that actively and strenuously fills the front of the stage is of a very different character from them. We all expect now a speech from Mr. Chamberlain as part of our fare at breakfast, with the same regularity, but not

always with the same acceptance, as our morning cup of tea ; and, indeed, we have been led by that statesman through a somewhat painful and erratic course since he commenced his present policy on May 15 this year. We have laboured through a desert country, cheered by optical delusions or mirages, and when one mirage receded into the distance we have been lured by another one, which we have found as unsubstantial as the first. Or, if I may use another comparison which more suits my own state of feelings, we have been in the position of a middle-aged gentleman embarking for the first time on a switchback railway, or on an endless succession of switchback railways, on which he feels constant trepidation and uneasiness as to what is to come next, and on which he can find no rest for the sole of his foot. On May 15 Mr. Chamberlain was a convinced Free Trader ; but in Birmingham this week he has made a speech, which, if it means anything, means this, that the sufferings of the country under Protection were grossly exaggerated, that it was a measure carried, as it were, behind the backs of the working classes, and that, if to anything, our prosperity was due to the Protection we then enjoyed, and that since we have been under Free Trade we have been living in a condition of comparative stagnation.

**Personal
pledge sole
security.**

That does not represent the measure of all our wanderings under this guide. We began with a bouncing surplus, out of which old age pensions were to be found ; but bouncing surpluses have disappeared, and the old age pensions have disappeared—not for the first time. Then we were treated to the more modest increment of a gain of half a farthing a week on the budget of the working man. But the half-farthing was not a widow's mite. It carried no blessing with it, and it has since also disappeared. And so we are now face to face with the sole security that is offered for the supply and cheapness of our food in the future, the personal pledge of the orator himself. "I pledge myself," he said, "that there shall be no loss"—though he almost wishes that there should be a loss, in order to prove the attachment of the people to the Empire ; but at present all we rest on is this : "I pledge myself that there shall be no loss upon the weekly budget of the working man."

**Starvation
conditions of
Protection.**

Formerly we had to embark in this policy on a hypothesis. We now have to embark upon it on a personal pledge. I do not think, if I have any knowledge of my countrymen, that they are willing to change the established policy of this country on either an unproved hypothesis or on a personal pledge. Why is this pledge given ? Because Mr. Chamberlain says the objections to his scheme are only two in number. The first is that food will be dearer, and the second is that the country is very well as it is. The pledge is given in answer to the first of these objections, but in reality it is given to all the objections and on behalf of the whole policy. It rests on nothing but a personal pledge, and it comes to this, that you are to risk all your food, your wages, your return

to the starvation conditions of Protection, all on the personal pledge of a very distinguished man.

How are you going to stop at a 2/- duty? I am not to be misunderstood when I speak of the starvation conditions of Protection. I shall be told that the two shillings duty a quarter on wheat does not mean starvation to anyone. Nor does it, but how are you going to stop at a two shilling duty? Has there ever been a case? Look at Germany, look at France, and every other great nation which began with this 2s. a quarter duty on wheat. Has there ever been a case where they have stopped at 2s.? Naturally, human nature being what it is, and agriculture being in a continuous state of distress, when the others enjoy the good things and the benefits of Protection, agriculture will demand that it too shall have its share, and as Protection is, in the main, a game of grab between all the interests involved, agriculture demands and obtains its share.

Action of the small trader. I doubt very much if this assurance of the personal pledge has given complete satisfaction to the working classes of this country. There was a very pathetic letter from Mrs. Tighe Hopkins in the *Times* of last week, of the 27th of October, of which I should like to read you a passage. "Whilst giving my usual household orders to-day at our local shops, I was struck by the dismay on the faces of the working women who also were laying in their little supplies. 'Another ha'penny, please, missis. Sugar's gone hup,' said the shopman. 'Oil's gone up, candles are gone up, butter's hup tuppence, and jam a penny. Bread will go directly.' 'What's that for?' asked a delicate-looking woman with four children standing about her. 'It's Mr. Chamberlain,' replied the man, laughing. 'We can't help it, we small traders. We must take time by the forelock. They says everything's a-going hup.' 'My man's wage is more like to go down,' said the woman."

First among the four great trade nations. The second objection, which Mr. Chamberlain says is one of the only two that are urged against his scheme, is that everything is very well as it is. No one, that I know, has ever said anything of the kind. No one has said so and nobody thinks so. But all figures—and I am not going to trouble you with figures, except, I think, three, for we have had figures until we are sick of them—but all figures show an enormous increase in the wealth of the country, and a steady, certain rise in the trade of the country from the time of the introduction of Free Trade. And now I am going to give you one of my only three figures. Suppose we reckon at 100 the aggregate of the four great trade nations of the world. Of that Germany has 23 per cent., and (I leave out the fractions) France has 20 per cent., the United States 19 per cent., and poor, wretched, pauperised, starving England, about to change its fiscal system because of its failure, has something over 37 per cent.

Savings of the working classes But the figures of foreign trade, or of national wealth do not in every case affect the great masses of the people. What is their budget? What is the accumulation of funds representing the savings of the working

classes in friendly societies and savings banks? Three hundred and sixty-seven millions sterling—that is the accumulation of the working classes of Great Britain under the system that we are about to change on a personal pledge, because it has been a failure. Is there any other nation in the world, I venture to ask, that with these proved results, enjoying the prosperity, the relative prosperity, that we certainly do enjoy, that would think for one moment of exchanging the fiscal condition under which we live for that of any of the nations possessing much less trade than ours, whose example we are invited to follow?

Oh, but we are told, “You are getting on, no doubt, but you are not getting on half so fast as the United States or as Germany.” Well, they began with very little.

You could not expect to keep the monopoly of the trade of the world, because their populations swelled, and as their energy developed they naturally demanded a share of the trade of the world, and you ought to be pleased and proud that you have kept your position as well as you have. I will give you a little homely illustration, which may appeal to Mr. Chamberlain himself. I have got a son who is standing for a constituency in Scotland. He has never made a speech in his life, and therefore, I suppose, his speaking may be registered as zero. Mr. Chamberlain is, perhaps, the most accomplished and powerful speaker we possess. But suppose this time next year my son, by talking every night in public or in private, raises himself from the position of zero to being a 10 to 20 per cent. better speaker than he was, you would not throw it in Mr. Chamberlain’s teeth: “There, you miserable man, you have not improved in the least, or you have scarcely improved in the last twelve months. Here comes this young chap along; he has improved 15 per cent. in the last twelve months from what he was when he began.”

Well, as to this, I do not suppose you are going to risk all this realised prosperity, this bird in the hand, for any number of birds in the bush. You are not going to risk all this on the personal pledge of any living man. Who has said that all is well now? That is not the doctrine I am here to preach. All well? God forbid. How can we say that all is well? Agriculture, I admit, is in a poor condition, though, perhaps, not much worse than agriculture in other parts of Europe. Education, where is that? When are we going to have a national system? Can any of us be blind to the hideous curse of intemperance, which hinders our progress as a nation far more than any hostile tariffs. Are we so blind as not to see almost annually the great procession of the unemployed? due, I think, very largely to the unfortunate migration from the country into the towns, but nevertheless a blot on our social system which will prevent the most animated optimist in the world from saying all is well.

No, we have our curses, we have our drawbacks, we have our evils, but the remedy is not Protection. We, at any rate, know what Protection is, if Mr. Chamberlain has forgotten; we know that great misery did undoubtedly

prevail under that system. The other day he appeared to deny it. He quoted an author, Mr. Montgredien, as supporting his contention. That is not the view of Mr. Montgredien. The capital sentence in which Mr. Montgredien summed up his view is this—I take it, I admit, from a paper, the *Glasgow Herald*, hostile, I think, as a rule, or uncongenial to the views which I hold, but which is playing a manful part in this fiscal controversy :—"But enough," says Mr. Montgredien ; "there is no need to multiply instances, to substantiate facts, and while Protection to native industries has failed to find employment and wages for the native workman it artificially raised upon him the price of the bread on which he lived." Well, as Mr. Chamberlain appeals to Mr. Montgredien, that is the answer that he receives from his oracle.

There are two other points with regard to Protection which I beg you to remember. You cannot have it limited ; you cannot fix bounds to it. The 10 per cent. this year, if trade slackens, becomes 20 per cent. It grows by leaps and bounds. The Genie who, as you remember in the *Arabian Nights*, is liberated from a bottle and swells to the size of the earth, when you once liberate him, is uncontrollable in area or in power. And the third point to which I would call your attention is this, that under the baneful shadow of Protection there grows up every form of interest, and almost every species of corruption. You may, after a little trial of Protection, wish to retrace your steps and to go back on the path on which you have entered. You cannot. The moment you try it, a hundred giants spring up behind you to bar your path—giants, or trade interests which have become giants under Protection, and which are determined that by no means shall you ever be allowed to return to the free air of Free Trade. Why, the reason is obvious. Under Protection, every protected trade becomes a vested interest, and defends itself by the methods which are known to vested interests. If they are threatened they combine in trusts. They fight every election, political or municipal. They haunt the lobbies of your Parliament, and corrupt your legislators. You have one of these great interests in the country. You have the traffic in drink. They began with the licence, which was given, or withheld, or withdrawn, at the option of the authorities. It has gradually come to be considered a vested interest, and a vast property. Which is the right view, it is not my purpose this afternoon to inquire. But this I know, and you know, that that great vested interest is one which you feel in every municipal and every political election, that it naturally fights with all its energy for the preservation of the interest, and that, as has been said before, if the State does not control it, it will, if it does not already, control the State. Think how you will be situated if you have not one such trade or interest as that, but twenty, thirty, forty, fifty, a hundred. Yet that is what must inevitably grow up under a system of Protection.

Well, this is to be the remedy for all our evils, this system which fosters such poisonous growth, and from which, when you have once embarked in it, there

Never
deprecated
inquiry.

seems to be no escape. At one time it was said that what was necessary was inquiry. Well, I am one of those who have never deprecated inquiry. I have always held that the moment our fiscal system was challenged by a Minister so influential and authoritative as Mr. Chamberlain, it was bound to result in inquiry, and that the position of Free Trade would be infinitely weakened if in any respect we seem to shrink from inquiry. If there be any matters which still necessitate it, after the exhaustive investigation of the Board of Trade, matters like those connected with the load-line of foreign ships and the like, I for one, will heartily support any motion for inquiry.

Country not much in humour for mandates. But we have got far beyond inquiry. What is asked for now is a mandate, an authoritative mandate, to be given, I observe—though Mr. Chamberlain said at Glasgow that he was a devoted follower of Mr. Balfour, and that Mr. Balfour was his leader—to be given, not to Mr. Balfour, but to Mr. Chamberlain, to treat on your behalf with full and ample powers both with our colonies and with foreign States in regard to the regulation of our fiscal system. I very much doubt if, looking at the past of this Government, the country is greatly inclined to give it an absolute mandate to do what it likes with regard to any question. The country gave it a mandate for the war, and the inquiry into the administration of that war is not likely to encourage the country to give the Government another mandate. I do not think, indeed, that the country is much in the humour for mandates; but the hypothesis on which Mr. Chamberlain rests at this moment is this, that we are secure in his personal pledge that all shall be for the better if we only change from Free Trade to Protection and entrust him with a mandate, apparently as dictator, to regulate our commercial policy. Now, is this the way in which you think that any of our evils should be righted? Why, consider. He has had a mandate—no man ever had so authoritative a mandate from the State as Mr. Chamberlain during the last eight years. He has been the most powerful member of the Government, which has had unbounded majorities in both Houses of Parliament. He, as the Colonial Secretary, had the whole force of Parliament behind him, and therefore of the country, and he had a mandate to do practically what he chose. If he had come before the House of Commons last year, and had announced that he had come to the conclusion that our fiscal condition demanded inquiry, more especially with respect to the prospective unity of our Empire, does anyone suppose for one moment he would have been refused that inquiry? He might have achieved his object without all the dislocation and the passion and the political pilgrimages which have occurred. I say he could well have done that. He had his mandate already, and I think it is to be deplored, in the interests both of our commercial position and our Empire, that he should have chosen to take the course that he has taken.

Mr. Chamberlain has had mandate. What was it that we wanted? We did not want fiscal reform. We wanted commercial repose. We wanted to be allowed time to bind the wounds of the Empire and

Agitation when repose wanted.

to recover our commercial equilibrium, instead of which we are plunged into a state of unrest to which, so far as I know, there is no limit, a condition which no politician of any party, to whichever party he belonged, can in his heart of hearts approve sincerely. Instead of repose we have had all this agitation; the agitation is to be followed by a general election in which you are to give a mandate to Mr. Chamberlain to negotiate on your behalf. That, again, is to be followed by a commission of experts, which is to arrange and settle the various objects on which the tariff is to be imposed. I don't envy those financial experts. Sir Robert Peel and Mr. Gladstone between them removed eleven hundred articles from our customs list. It will be the task of these financial experts to reimpose these eleven hundred articles and probably some hundreds besides,—at the instance of statesmen who say they are Free Traders.

**Imperial
aspect of
question.**

Now, I frankly admit that in all this controversy the tariff is not the issue which alarms me most. I am inclined to think that Free Trade is safe in the custody of the people of this country, and I am inclined to think that the working-men, and still more their womenfolk, will take care that there is no tax on the food of the people. But I am more alarmed about the question as it relates to the Empire. There is something alluring about the idea of drawing closer the bonds of Empire, by any means by which it may be attempted. We all feel that allurements; it is a worthy trait in our character. But I am sorry to say, wishing as I should to support any policy that has that object, that I have come to the conviction that it will have a result diametrically the reverse. I honestly believe that if we could investigate the inner condition of Mr. Chamberlain's mind we should find this, that the really essential difference between him and us is this, that he believes that the beginning is everything, and that a commencement by this scheme, lame and imperfect as it admittedly is—because any scheme to exclude Australian wool and Canadian timber from a scheme framed in the interests of the Colonies is lame and imperfect—that any commencement of this kind will be better than nothing, and will bring about a better state of things.

**How to
secure unity
of Empire.**

Now, I have looked at it in every way, and I firmly believe that it can be proved it will lead to exactly the reverse. I believe that the system in which each community achieves its own prosperity under its own conditions, in its own way, united by a common loyalty and flag, is far more likely to secure the unity of the Empire than a system by which we shall be involved in constant, endless, and disastrous wrangling about tariffs and customs. The one represents prosperity and content and liberty, the other represents soreness and jealousy and unrest. I believe that in thus setting forth this essential difference I am putting the two views as fairly as they can be put by a person who is not impartial. But I also admit that there is something alarming in the threat which Mr. Chamberlain holds over you that you are neglecting a liberal offer made by the Colonies, which is made now and can never be repeated—

the old fable of the Sibylline books, as it were, the refusal of which brought about such portentous consequences.

Offer entails grave responsibility. Well, the whole of the Chamberlain system rests on this, that there is some offer which has been made by the colonies, and which some of us are carefully turning our back on. Now, if that were so, it would be a very serious thing. We all believe, all serious people who have studied the subject believe, and no one has announced it more authoritatively than Mr. Chamberlain, that in these matters of Empire the initiative should come from the colonies and not from the Mother Country. Therefore when an offer is said to have come from the colonies we bear a grave responsibility if we are not at once alive to it. But

But where is the offer? where is this offer to be found? It rests once more, so far as I know, on the personal pledge of the distinguished statesman who has mentioned it. What is the case as regards Australia, for example? Australia is now going through a general election, and I have anxiously searched the papers to see what indications there are of an offer from Australia to give us a preferential tariff in her customs duties. Why, Mr. Deakin, Prime Minister of Australia, speaks freely about it; but he always speaks of it as an offer made by Great Britain, or rather by Mr. Chamberlain, to the colonies. "Mr. Chamberlain," he says, "with characteristic courage and resource offers a preference." But that is not an offer from the colonies. It is very generous of Mr. Chamberlain, but it is not exactly what he has described to us as the state of the transaction. Mr. Deakin says that these proposals of Mr. Chamberlain, if they were adopted, would make it necessary for Australia to produce vast quantities of wheat and dairy produce. Well, I don't know how the British farmer will like that. It does not strike me as, in any eminent degree, a relief to British agricul-

The case of Australia. ture, but it shows a very material flaw in this scheme, because a two shilling duty on foreign wheat will affect Canada at her distance from ourselves—whatever it may be—three thousand miles—I will not pretend offhand to give the exact figures—very differently from the effect it will have on Australia, which is thirteen or fourteen thousand miles away. But Mr. Deakin is, after all,—though he takes this unfortunate view of the offer as coming not from them but from us, or rather from Mr. Chamberlain—not the only politician in Australia. There is a very eminent man—one of the ablest statesmen I have ever come across—Mr. Reid, the leader of the Opposition. Well, you seem to know something about Mr. Reid here. What does he say? "When the day arrives that England can only maintain her trade by artificial preferential barriers, on that day England is doomed. England gained her supreme commercial position not by barricades, but by proving herself superior in technical skill, in manufacturing ability, in knowledge, and in business enterprise." I observe also that under the new Commonwealth tariff in Australia, Sydney, in New South Wales, which was a Free Trade centre, has been rapidly erecting manufactories. All these manufactories will want to be protected, and I do not see any particular likelihood of an offer from

Australia such as we are assured has already been made, though we cannot discern it. All the news from Australia is excellent, so far as it goes. There is no decrease of loyalty, no decrease in the wish for national co-operation, but as for any trace of this offer, for my life I cannot discern it.

The other day Mr. Chamberlain rather modified his statement with regard to this. He said that the colonies had unanimously asked last year for a preferential tariff at the conference that was held. I do not think that quite fairly represents the case, though in any case it is, of course, a very different thing from an offer. What really happened was this, that the representatives of Canada, Australia, and New Zealand—I leave out South Africa, I admit, because she has given us a preference since then—but the representatives of Canada, Australia, and New Zealand promised to recommend to their respective Parliaments that they should give a preference to English goods. They have not yet done so for good reasons of their own, for which I do not in the least criticise them. But it is a very different thing to say that they will recommend this to their Parliaments, if they find an occasion suitable for doing so, from saying that they made to us an offer that they will give a preference to us.

Let us take the case of Canada. According to the news I get from Canada she is much more interested in the decision with regard to Alaska than absorbed in any anxiety to give us a preferential tariff. There has come an offer from Canada, but it is not a commercial offer, it is an offer to relieve us from the responsibility of making treaties on her behalf. Well, that is not an offer which will tend to unite the Empire more closely, and it is obviously not the offer to which Mr. Chamberlain alludes. But, he says, "Canada has already given you a preference," which is perfectly true, "and under it your trade with Canada has nearly doubled within the last few years." That was not his opinion last year. This week he said, "They give us voluntarily and of their own accord a preference of $33\frac{1}{3}$ per cent., and the result of that preference is that our trade with Canada has gone up during the last few years until it has nearly doubled." The former statement was, "This preference has its sentimental value, as a proof of goodwill and affection, but its results have already been disappointing to us, and I think it must be equally disappointing to its promoters."

Well, it is not for me to reconcile the difference between these two. I have endeavoured to ascertain from the Canadian Press, whether they are in a mood to give us the preference of which so much is spoken. I take the *Globe*, which I believe is a Ministerial paper in Canada. They treat it as a matter concerning the interests of Great Britain alone. "It is no part of a Canadian's duty to dogmatise on British fiscal problems. British statesmen and the British people must be left free to work out what may seem to them the best trade policy, the best for Britain consistent with Imperial unity and independence." I do not see in that any encouragement to us to tax the food of our

people in order to benefit the Canadian farmers. Then they come to the manufacturers. "The Manufacturers' Association," we are told, "declined to face the question, but individual manufacturers are less timid. One of them, Mr. Jonathan Ellis, speaking for the woollen manufacturers in the *Globe* to-day, calls for an increase in the tariff against Britain from 23 per cent. to a net protection of 30 per cent. He is supported by Mr. W. R. Brock, who demands from 25 to 35 per cent., and declares that Great Britain is our most formidable competitor in woollens, and our manufacturers should be protected from this ruinous competition." Therefore it appears that, while you are expecting an offer from Canada still further to lower their duties, they are only thinking of raising them, and are actually accusing you of something like "dumping."

American immigration into the Dominion. There is one more consideration, to which I will devote only two minutes, and this consideration makes me more doubtful than ever whether this proposal—were it ever carried out—would have the effect of uniting Canada more closely to the Empire than at present. Your duty of 2s. a quarter, probably to be indefinitely extended if it is ever adopted, will materially stimulate the production of wheat in Canada. At this moment one of the most remarkable facts in connection with Canada is the enormous immigration of American farmers into Canada. The figures are hardly credible. In 1897 there were only seven hundred and twelve immigrants from the United States into Canada. In the first eight months of this year there were over forty thousand. The American farmers are flocking into Canada in order to obtain possession of the rich lands which are still virgin soil in that country. Immigration has already become a matter of no inconsiderable magnitude. What it will be, if still further stimulated by a duty in favour of Canadian wheat against American wheat, it is extremely difficult to compute. Whether the enormous immigration of American settlers into Canada is likely to bind Canada or not more closely to the Mother Country, is a question on which I would rather not pass an opinion.

Wise to walk warily. Now, these are some of the considerations which make me think it wise, and which make me hope the nation will think it wise, to walk warily and cautiously in connection with this matter. For the last twenty-five years, though we have had Empire in the air which we breathe, we have walked warily and cautiously with regard to it. If we had proceeded warily and cautiously in this instance, if we had made cautious and exact inquiry, if we had felt the pulse of the Colonies, if we had appointed delegates, or called a convention to consider any effort they were empowered to make, all might still have been well, and we might still be proceeding on the path of Empire with some hope of tightening the bonds that already so closely exist. Now we are being rushed in this question. We are being rushed, and it behoves us to put a drag on. Mr. Chamberlain said at Liverpool that he sometimes felt as if he was alone in fighting this question. Why he should feel alone I do not know. He has on his platform a splendid array of the aristocracy. He has

a noble representation of wealth. He has, so far as can be gathered, nine-tenths of the Tory Party. He has, and he says he has always had, behind him the working classes of this country, which would seem to prove that they are a more nimble and adaptable class than I had supposed. And he has beside him, behind him, also a Ministry murmuring secret prayers on behalf of his enterprise, and willing to welcome him back with enthusiasm, if only he will bring a majority with him.

Position of Unionist opponents of scheme. From this crowded and embattled loneliness, I turn to the forces arrayed against him, and I am not altogether confident about their condition. The Free Trade Unionists or the Free Food Unionists—because there are differences and discriminations—are not altogether, as it seems to me, in a secure position. They are in a position of weakness and of isolation, and if they maintain that position of weakness and isolation I will not say that they will necessarily be overthrown, but I will say this, that they are in great jeopardy. I ask them earnestly to consider the position in which they stand. I do not ask them, I do not think it would be even expedient—but I do not ask them for what is called “corporate union” in the Churches, for corporate union with the host that has maintained the cause of Free Trade. But I do ask them in their own interest, as well as in the interest of the cause for which we are fighting, that they should keep in as close touch as they can, while the fight rages, with the combatants who are fighting on their side. When the battle is over and the victory for Free Trade is won, why then they can march, all with drums beating and flags flying if they like, and attack their recent allies without any loss of honour or of reputation. But they must not underrate the gravity of the cause on which we are engaged. You have a powerful and popular man, a past master in the arts of political strategy, who attracts the sympathy of the country by a great display of energy and courage. You have him making a pilgrimage of passion in the country, a call on all who are discontented with their condition to join under his standard, and ameliorate that condition on his pledge. I have at any rate never underrated the gravity of the forces opposed to you, or the danger of the campaign in which you are engaged, and to another class I will say this—there are those who are doubtful, there are those who do not like change, there are those who, in their heart of hearts, would like a little of the tit-for-tat policy, if it were only not so risky. There are some who would like to postpone the agony of a decision by the plausible delay of an inquiry, but I would say to all those if they do not wish to be rushed into a decision from which they will be unable to retrace their steps, and which may be disastrous in its operation, to take at any rate the negative side in this battle, and to vote against a policy which would embark them in such an enterprise as that. It is the rushing that I dread. If time only be given to the country to look at this matter in its various aspects, I have no fear of the result; but I do fear the love of change, the hope of amelioration of their condition,

luring the people of this country on,—I sometimes fear it—luring them on to follow in this blind and perilous crusade.

**Appeal to
Liberals to
unite.**

If I have to say this to Unionists and to neutrals, have I no word to say to Liberals, too? I cannot forget that it was in this very place and from this very platform that an attempt was made to proscribe my policy and my friends. Why do I recall that now? Is it for purposes of recrimination? God forbid. Let bygones be bygones. I refer to that business, I hope for the last time in my life. To that attempt at proscription, I fling back a message of peace. I say this, that Liberals will be fools, and worse than fools, if they be not united shoulder to shoulder to resist this mad and dangerous experiment, to stand face to face against the forces of reaction, endeavouring to retrace the steps of progress and to go back for half a century; if they do not stand close and cordial together to maintain the noble fabric of our commerce and our Empire. In the face of such an issue as this—so vital to us now and in the long days to come—surely it is futile and petty to indulge in the personal equation. Life is not long enough or strong enough for this. You have all the forces that can animate a people nerving you in this struggle. Your fathers bid you remember their sufferings under Protection. Your sons adjure you to protect the future of your commerce and your dominion.

Appendix.

THE following letters were published on the 18th of September 1903:—

“ Highbury, Birmingham,

“ *September 9th, 1903.*

“ MY DEAR BALFOUR,—

“ In anticipation of the important Cabinet which is to meet on Monday, I have most carefully considered the present situation as it affects the Government, and also the great question of fiscal reform. When you, in replying to the deputation on the coal tax, and I in addressing my constituents at Birmingham, called attention to the changes that had taken place in our commercial position during the last fifty years, and suggested an inquiry into the subject, I do not think that either of us intended to provoke a purely party controversy.

“ We raised, not for the first time, a question of the greatest national and Imperial importance, in the hope that it would be discussed with a certain impartiality by both friends and opponents, and that the inquiry thus instituted might lead to conclusions accepted by a majority of the people of this country and represented accordingly in the results of the next general election.

“ Whether our view was reasonable or not it was certainly not shared by the leaders of the Liberal Party. From the first they scouted the idea that a system which was generally accepted in 1846 could possibly require any modification in 1903, and the whole resources of the party organizations were brought into play against any attempt to alter, or even to inquire into, the foundations of our existing fiscal policy.

“ Meanwhile the advocates of reconsideration were at a great disadvantage, owing to admitted differences of opinion in the Unionist Party. The political organizations of the party were paralysed, and our opponents have had full possession of the field. They have placed in the forefront of their arguments their objections to the taxation of food, and even to any readjustment of the existing taxation with a view of securing the mutual advantage of ourselves and our Colonies, and the closer union of the different parts of the Empire.

"A somewhat unscrupulous use has been made of the old cry of the dear loaf, and in the absence of any full public discussion of the question I recognise that serious prejudices have been created, and that while the people generally are alive to the danger of unrestricted competition on the part of those foreign countries that close their markets to us, while finding in our market an outlet for their surplus production, they have not yet appreciated the importance to our trade of colonial markets, nor the danger of losing them if we do not meet in some way their natural and patriotic desire for preferential trade. The result is that, for the present at any rate, a 'preferential' agreement with our colonies involving any new duty, however small, on articles of food hitherto untaxed, is, even if accompanied by a reduction of taxation on other articles of food of equally universal consumption, unacceptable to the majority in the constituencies.

"However much we may regret their decision, and however mistaken we may think it to be, no Government in a democratic country can ignore it.

"I feel, therefore, that as an immediate and practical policy the question of preference to the colonies cannot be pressed with any hope of success at the present time, though there is a very strong feeling in favour of the other branch of fiscal reform which would give a fuller discretion to the Government in negotiating with foreign countries for freer exchange of commodities, and would enable our representatives to retaliate if no concession were made to our just claims for greater reciprocity.

"If, as I believe, you share these views, it seems to me that you will be absolutely justified in adopting them as the policy of your Government, although it will necessarily involve some changes in its constitution.

"As Secretary of State for the Colonies, during the last eight years, I have been in a special sense the representative of the policy of closer union, which I firmly believe is equally necessary in the interests of the colonies and of ourselves, and I believe that it is possible to-day, and may be impossible to-morrow, to make arrangements for such a union. I have had unexampled opportunities of watching the trend of events, and of appreciating the feelings of our kinsmen beyond the seas. I stand, therefore, in a different position from any of my colleagues, and I think I should be justly blamed if I remained in office and thus formally accepted the exclusion from any political programme of so important a part of it.

"I think that, with absolute loyalty to your Government and its general policy, and with no fear of embarrassing it in any way, I can best promote the cause I have at heart from outside, and I cannot but hope that, in a perfectly independent position, my arguments may be received with less prejudice than would attach to those of a party leader.

"Accordingly I suggest that you should limit the present policy of the Government to the assertion of our freedom in the case of all commercial relations with foreign countries, and that you should agree to my tendering my resignation of my present office to His Majesty, and

devoting myself to the work of explaining and popularising those principles of Imperial union which my experience has convinced me are essential to our future welfare and prosperity.

"Yours very sincerely,

"J. CHAMBERLAIN."

"10, DOWNING STREET, WHITEHALL, S.W.

"September 16th, 1903.

"MY DEAR CHAMBERLAIN,—

"I did not answer your letter of the 9th, which I received shortly before my departure from Scotland for the Cabinet meeting, as I knew that we should within a few hours have an opportunity of talking over the important issues with which it deals. The reply, therefore, which I am now writing rather embodies the results of our conversation than adds to them anything which is new.

"Agreeing as I do with you that the time has come when a change should be made in the fiscal canons by which we have bound ourselves in our commercial dealings with other Governments, it seems paradoxical, indeed, that you should leave the Cabinet at the time that others of my colleagues are leaving it who disagree on that very point with us both.

"Yet I cannot but admit, however reluctantly, that there is some force in the arguments with which you support that course, based as they are upon your special and personal relation to that portion of the controversy which deals with colonial preference. You have done more than any man, living or dead, to bring home to the citizens of the Empire the consciousness of Imperial obligation, and the inter-dependence between the various fragments into which the Empire is geographically divided. I believe you to be right in holding that this inter-dependence should find expression in our commercial relations as well as in our political and military relations. I believe with you that closer fiscal union between the Mother Country and her Colonies would be good for the trade of both, and that, if much closer union could be established on fitting terms, its advantages to both parties would increase as the years went on and as the Colonies grew in wealth and population.

"If there ever has been any difference between us in connection with this matter it has only been with regard to the practicability of a proposal which would seem to require, on the part of the Colonies, a limitation in the all-round development of a protective policy, and on the part of this country the establishment of a preference in favour of important Colonial products. On the first of these requirements I say nothing, but if the second involves, as it almost certainly does, taxation, however light, upon food stuffs, I am convinced with you that public opinion is not yet ripe for such an arrangement. The reasons may easily be found in past political battles and present political misrepresentations.

"If, then, this branch of fiscal reform is not at present within the limit of practical politics, you are surely right in your advice not to treat it as indissolubly connected with the other branch of fiscal reform to which we both attach importance, and which we believe the country is prepared to consider without prejudice. I feel, however, deeply concerned that you should regard this conclusion, however well founded, as one which makes it difficult for you, in your very special circumstances, to remain a member of the Government. Yet I do not venture, in a matter so strictly personal, to raise any objection. If you think you can best serve the interests of Imperial unity, for which you have done so much, by pressing your views on colonial preference with the freedom which is possible in an independent position, but is hardly compatible with office, how can I criticise your determination? The loss to the Government is great indeed, but the gain to the cause you have at heart may be greater still. If so, what can I do but acquiesce?"

"Yours sincerely,

"A. J. BALFOUR."

"P.S.—May I say with what gratification, both on personal and public grounds, I learn that Mr. Austen Chamberlain is ready to remain a member of the Government? There could be no more conclusive evidence that in your judgment, as in mine, the exclusion of taxation of food from the party programme is, in existing circumstances, the course best fitted practically to further the cause of fiscal reform."

The following letters were published on the 1st October, 1903 :—

"DEAL CASTLE,

"September 25th, 1903.

"DEAR MR. WRIGHT,—

"I am informed that the Ealing Central Conservative Council are to meet to consider my resignation. I enclose to you, for their information, my letter of resignation to the Prime Minister, to the publication of which he has assented, and in which my reasons for the step I propose to take are clearly stated. My letter will not be intelligible unless I add that I wrote it on the afternoon of September 15th, in ignorance of Mr. Chamberlain's resignation and of the consequent elimination of all that related to preferential tariffs from the Government's programme.

"The first intimation I received of the great change that had been settled came to me through a morning newspaper of the 18th. That newspaper also contained the *Gazette* of the acceptance of my resignation.

"Believe me to be,

"Yours very truly,

"GEORGE HAMILTON."

Lord George's letter of resignation was in the following terms :—

“INDIA OFFICE,

“September 15th, 1903.

“MY DEAR BALFOUR,—

“It is with great regret that I must ask you to submit to the King the resignation of my office. But after the recent discussions in the Cabinet, and the knowledge that I have obtained of the fiscal propositions you purpose to publicly advocate, I have no alternative but to take this course. For many years past I have believed that the greatest danger to British industries arises from the economical and scientific methods of production which our foreign rivals are introducing in the manufacture of articles in which we were formerly superior.

“Anything that tends to raise generally the price of production in this country is injurious to our trade. Any interference with, or reversal of, the policy of free imports must operate in that direction. I admit that certain branches of our exports have in recent years shown a lack of development, but I fail to see how recourse either to Protection or retaliation can advantage our general export trade unless it be at the expense of the home consumer.

“This country has borne with surprising ease the heavy load of taxation necessitated by the South African War, and it has emerged from that ordeal with unimpaired credit and trade. The Board of Trade returns of the last three years demonstrate that the springs and sources of our prosperity and commerce are undiminished and responsive. I cannot be a party to the reversal of these principles of our fiscal policy, which I believe has greatly contributed to build up the fabric of this prosperity.

“As regards India I am of opinion that a system of preferential trade inside the Empire and of retaliation outside will be detrimental both to her commerce and industry. The products that India can with most profit to herself grow and most easily export are of such a character and volume as to be beyond the normal demands of the British Empire. Free access to foreign markets is essential to India, if these branches of her commerce are to be developed. Whatever may be the operation of preferential tariffs inside the Empire, retaliation outside will tend to aggravate and heighten the existing hostile tariffs of foreign countries.

“With the exception of these fiscal and economic controversies there is no public subject on which I am not ready to support you and your Government. Still, I feel that I cannot conscientiously embark in an enterprise such as you are about to lead if I do not believe in its efficacy and practicability.

“Believe me,

“Yours very truly,

“GEO. HAMILTON.”

"WELDERS, GERRARD'S CROSS, BUCKS,
"September 15th, 1903.

"MY DEAR BALFOUR,—

"I am afraid that after what occurred at the Cabinet yesterday it is not possible for me to remain a member of the Government with any advantage either to myself or it, and I have therefore to ask you to place my resignation in the hands of the King.

"I am in entire sympathy with the desire to unite the Mother Country and the Colonies more closely together, but I know of no method by which preferential treatment can be accorded to the Colonies other than that which has been advocated by the Colonial Secretary, namely, a taxation on food, which involves, as a consequence, an increase of taxation. To this policy I am opposed.

"We are also asked to abandon the fiscal policy of the country from which we have derived so much advantage. But we are not told exactly what the proposal is. I would gladly give consideration to any practicable scheme for obtaining access to foreign markets, or for meeting evils of which we complain; but we have had no scheme placed before us. I fear that, however unintentionally, any proposal for retaliatory duties would inevitably lead to Protection and produce far greater evils than it was desired to prevent.

"I cannot tell you how much I feel parting with my old colleagues, and especially with yourself, from whom I have received so much kindness and consideration.

"Yours very truly,
 "C. T. RITCHIE."

The following letters were published on the 6th of October, 1903:—

"PRIVY COUNCIL OFFICE,
"October 2nd, 1903.

"MY DEAR BALFOUR,—

"I have, since we last met, felt an increasing doubt whether I had been well advised in consenting to separate myself from those of our colleagues whose resignations were tendered and accepted last month.

"But, until some new development of the situation should have taken place, I had not thought it necessary to trouble you with these doubts.

"The speech, however, which you delivered last night makes it necessary for me finally and definitely to decide whether I am so far in agreement with yourself on the question of fiscal policy as to make it possible for me, with satisfaction to myself or advantage to the country, to remain a member of your Government. I must, especially as the representative of the Government in one of the Houses of Parliament, in forming this decision, have regard not only to the definite statement of policy contained in your speech, but also to its general tone and

tendency. As to the former it was possible to arrive at a clear understanding by previous discussion, but as to the latter no judgment could be formed until the declaration had been actually made.

"I was prepared by our discussions for your statement that you desired to obtain the sanction of the constituencies for a reversal of the doctrine that taxation should never be imposed except for purposes of revenue, and this is no doubt the principal and most definite statement in your speech. But you may remember that I told you that I thought it would be very difficult to make this statement the foundation of a great announcement of policy, inasmuch as I was not aware of any law or constitutional principle in which this doctrine was embodied. I admit that you have succeeded in making this declaration the basis of a great political announcement, but in my opinion that announcement has been extended very far beyond the necessities of the case. It was unnecessary, in my opinion, for the purpose of the statement to which I had assented, to assert that the controversy of 1846, which you describe as the great lawsuit between Free Trade and Protection, is of no interest whatever, to us except from an historical point of view. Nor can I think that it was necessary to assert that you desired to 'reverse the fiscal tradition, to alter fundamentally the fiscal tradition which has prevailed during the last two generations.' I had hoped to have found in your speech a definite statement of adherence to the principles of Free Trade as the ordinary basis of our fiscal and commercial system, and an equally definite repudiation of the principle of Protection in the interest of our national industries. But in their absence I cannot help thinking that such declarations as those which I have quoted cannot fail to have the effect of materially encouraging the advocates of direct Protection in the controversy which has been raised throughout the country, and of discouraging those who like me and, I had hoped, yourself, believe that our present system of free imports, and especially of food imports, is, on the whole, the most advantageous to the country, although we do not contend that the principles on which it rests possess any such authority or sanctity as to forbid any departure from it for sufficient cause.

"I have only ventured to make these criticisms as illustrations of the different points of view from which we regard the whole question, and I am very far from wishing to enter into any personal controversy with you. You have, in your second speech, said that this subject could no longer be left an open question among members of the Government, and I think I have said enough to prove to you that there is no such agreement between us on the general question as to make it possible for me to be a satisfactory exponent of your views, or those of the Government, in the debates which must inevitably take place in the next session of Parliament.

"I cannot adequately express the deep regret which I feel in separating myself from a Government with which I believe myself to be in sympathy on all other matters of public policy, or the anxiety with which I anticipate the wide division which I fear must result from the unexpected scope and strength of your declarations of yesterday in the

ranks of the Unionist Party. But, holding the opinions which I have endeavoured to express, no other course is open to me but to ask you to place my resignation in the hands of His Majesty.

"I remain,

"Yours sincerely,

"DEVONSHIRE."

"WHITTINGEHAME, PRESTONKIRK, N.B.,

"October 3rd, 1903.

"MY DEAR DUKE,—

"I received this afternoon two telegrams forwarded in quick succession by my private secretary in London—the first from you asking how soon your resignation might be announced, the second giving a full summary of the reasons which moved you to resign. I am not sure which of these unexpected communications surprised me most—on the whole, perhaps, the second.

"The first, however, was sufficiently strange. Remember the circumstances. It was on Wednesday, September 16th, that you informed me of your resolve to remain in the Government. This decision was preceded by much confidential correspondence, much intimate conversation. There was no phase of policy which I was not prepared to discuss, which I did not, in fact, discuss, with perfect frankness. Men and measures were alike surveyed from every point of view which had a bearing on the present course, or future fortunes, of the party. A decision arrived at after these preliminaries I had a right to consider final, and final I certainly considered it. Accordingly, I consulted you, as far as circumstances of time and place permitted, on the best mode of filling up the vacancies in the Government, of which you were the most distinguished member. You were good enough to express some weighty judgments on the delicate matters submitted to you. You even initiated proposals of your own, which I gladly accepted. Our last communication on these subjects was in a letter I dictated during my journey to Sheffield on Thursday afternoon. In less than forty-eight hours I received in Edinburgh the telegrams which first announced both your intention to resign and your desire to see the process of resignation consummated without delay or discussion.

"The principal occasion of this singular transformation was, you tell me, my Sheffield speech. This is strange indeed. In intention, at least, there was no doctrine contained in that speech which was not equally contained in my notes on Insular Free Trade and my published letter to Chamberlain. The first of these documents you had in your possession—before the generality of the Cabinet—at the end of July. The second you saw in manuscript before it appeared in the newspapers. With both, therefore, you were intimately acquainted during the whole fortnight in which you lent your countenance to the Government after the recent resignations. I must suppose, therefore, that it is some unintentional discrepancy between the written and the spoken word

that now drives you to desert the Administration you have so long adorned. Such unintentional discrepancies are, no doubt, hard to avoid. Not everyone, certainly not I, can always be sure of finding on the spur of the moment, before an eager audience of 5,000 people, the precise phrase which shall so dexterously express the exact opinion of the speaker on a difficult and abstract subject as to foil the opponents who would wrest it either to the right hand or the left. But till one o'clock this afternoon I had, I confess, counted you not as an opponent but as a colleague—a colleague in spirit as well as in name. To such an one it would have seemed natural—so at least I should have thought—to take, in cases of apparent discrepancy, the written rather than the spoken word as expressing the true meaning of the author; or, if this be asking too much, at least to make inquiries before arriving at a final and hostile conclusion. But, after all, what and where is this discrepancy which has forced you in so unexpected a fashion to reverse a considered policy? I do not believe it exists, and if any other man in the world but yourself had expended so much inquisitorial subtlety in detecting imaginary heresies I should have surmised that he was more anxious to pick a quarrel than particular as to the sufficiency of its occasion. To you, fortunately, no such suspicion can attach; yet am I unreasonable in thinking that your resignation gives me some just occasion of complaint, and perhaps some occasion of special regret to yourself?

“Am I, for example, not right in complaining of your procedure in reference to the Sheffield speech? You fear that it will aggravate party division. If there is anything certain it is that the declaration of policy then made produced, and is destined still to produce, a greater harmony of opinion than has prevailed in the party since the fiscal question came to the front six months ago. Had you resigned on the 15th, or had you not resigned at all, this healing effect would have suffered no interruption. To resign now, and to resign on the speech, is to take the course most calculated to make yet harder the hard task of the peace-maker. Again, do you not feel some special regret at having, at this particular juncture, to sever your connection with a Unionist Administration? Doubtless there is no imaginable occasion on which you could have left one without inflicting on it serious loss. At the moment of its most buoyant prosperity your absence from its councils would have been sensibly felt. But you have, in fact, left it when, in the opinion of our opponents, its fortunes are at their lowest and its perplexities at their greatest. It may be, however, that you are spared this aggravation of the inevitable pain of separation by holding, as I hold, that our opponents are in this mistaken. I firmly believe they are. I see no difficulty in successfully carrying out the policy which for a fortnight you were ready to accept, by the help of the Administration which for a fortnight you aided me to construct. On this point I feel no disquiet. I cannot pretend to view with a like equanimity the loss of a colleague whose services to the Unionist Party no changes and chances of political fortune can tempt any Unionist to forget.

“Yours very sincerely,

“ARTHUR JAMES BALFOUR.”

INDEX.

[NOTE.—The attempt has been made to compile a subject rather than a name index. The complexity of the questions discussed, the detailed character of the discussion, and the number of speakers, have combined to make the task a difficult one. As far as possible, cross references have been avoided, and cross indexing resorted to. It is not claimed that a perfect index has been provided, but it is hoped that it will enable readers not only to find individual references, but to trace the argument on specific subjects through the different speeches.]

Agriculture. *Chamberlain*: This not an agricultural country, 31; agriculture, as greatest of all trades and industries of this country, practically destroyed by free imports, 55. *Asquith*: Revival of Corn Laws will not bring people back to land, 205. *Rosebery*: Will demand an increasing share of protection, 297. *Goschen*: 5s. duty might benefit, 2s. will not, 139. *Morley*: Allegation that free imports have practically destroyed it not true, 145; how will farmers benefit by limiting purchasing power of their customers? 151. *Hicks-Beach*: The proposed duty on manufactures in relation to agricultural implements, 269.

Alaska. *Rosebery*: Canada more absorbed in Alaskan decision than in preferential tariff, 303.

Alien Immigration. *Chamberlain*: Why exclude cheap labour and let in sweated goods?, 224.

Alternatives TO NEW FISCAL POLICY. *Chamberlain*: Opponents can put forward no alternative policy that will attain the object in view, 169, 186; Imperial Council, proposed by Sir Edward Grey and Mr. Asquith, no solution to problem, 169, 255; the only alternative offered, policy of *laissez-faire*. *Asquith*: The alternative Liberal policy, 214. *Campbell-Bannerman*: 127–30. *Morley*: 156.

Anti-Corn Laws Agitation. *Chamberlain*: History of the, 246. *Morley*: Length of time Cobden and Bright took to abolish Corn Laws, 149. *Rosebery*: Criticism of Mr. Chamberlain's history, 296.

Armageddon. *Rosebery*: A joust compared with commercial battle with whole civilised world, 108.

Ashley, Professor. *Chamberlain*: Quoted in support of view that consumer pays whole of import duty only under very exceptional circumstances, 167.

Asquith, Mr. *Chamberlain*: A serious critic, 158; his criticism of Mr. Chamberlain's statistics answered, 164; his statements concerning imports and exports criticised, 166; his ability to lecture chiefs of industry in this country, 226; his appeal to stick to our well-tried policy, 246; his argument that proposal will destroy unity of Empire, 255; his advocacy of Imperial Council, 255; his argument that proposal is one-sided, 256; reply to his charge of ignoring home trade, 257; reply to his remarks on decaying industries, 259.

Australia. **PREFERENTIAL TARIFFS.**—*Chamberlain*: Acceptance of principle by Premiers, 9; still under discussion, 178; reciprocal preference leading article in

Prime Minister's programme, 257. *Fowler*: Must equally give preference to, with Canada, 99. *Rosebery*: No very material offer of preference from, 115; export of wine extremely slight; nothing to be done for wool, 116; no offer from; views of Mr. Deakin and Mr. Reid, 302. *Hamilton*: Queensland wool exporter gets no advantage under present scheme, 193. *Hicks-Beach*: Australian Premiers willing to give preference without asking similar grant in return, 272.

Bacon. EXEMPTION FROM TAXATION.—*Chamberlain*: 40. *Asquith*: Why is bacon exempted? 213. *Ritchie*: 80. *Fowler*: 97. *Rosebery*: 109. *Goschen*: 283. *Harcourt*: 243. *Hicks-Beach*: 270.

Balfour, Mr. POSITION AS LEADER.—*Chamberlain*: His right to declare official policy, 28; his relations with Mr. Chamberlain, 28. *Balfour*: "I mean to lead," 26. *Asquith*: What is the lead that he gives? 61. *Rosebery*: Mr. Balfour First Lord of the Treasury, Mr. Chamberlain chief of the Government, 104.

POLICY PROPOUNDED AT SHEFFIELD.—*Chamberlain*—55; wherein it differs from Mr. Chamberlain's, 229. *Fowler*: His policy not to be severed from Mr. Chamberlain's, 89. *Rosebery*: Has found refuge in a half-way policy, 104. *Campbell-Bannerman*: "A little intermediate policy of his own," 124. *Hamilton*: Now official head of movement which must eradicate principles he professes, 197. *Harcourt*: Mr. Balfour's and Mr. Chamberlain's policies not two separate concerns, only a joint-stock company with double set of articles of association, 233.

VARIOUS.—*Asquith*: His open mind, 60; his pamphlet, 61; a convert to Mr. Chamberlain's fiscal proposals, 61. *Ritchie*: Tribute to Mr. Balfour, 74. *Rosebery*: His two pamphlets, 294. *Campbell-Bannerman*: His maxim, 125. *Hamilton*: The two pamphlets submitted to the Cabinet, 190.

Banker's Clearing House Returns. *Asquith*: Rise in value of cheques cleared last 30 years, 65.

Bargaining. POWER OF. See Negotiation—Freedom of.

Bayley, Mr. *Asquith*: His testimony as to Sweden, 206.

Bismarck, Prince. *Chamberlain*: In favour of protection, 50.

Brass Manufactures. *Chamberlain*: Increased imports from foreign countries, 260.

Bright, John. *Chamberlain*: Supporter of 1860 French Treaty, 12; what would be present attitude? 12; his testimony as to protection raising wages, 219; interest in electoral reform, 220. *Morley*: Will not apologise for him, 144; quoted as to condition of agricultural labourers before Free Trade, 145; his testimony as to evil effects of Corn Laws, 150; what he would have said of Mr. Balfour's attitude, 153.

British Empire. UNITY OF.—*Chamberlain*: A critical issue, 7; still time to consolidate, 7; can only be kept together on lines worked by other countries with success, 172; bond of commercial union necessary if union to be permanent, 217. *Asquith*: End must not be sought at expense of prosperity of United Kingdom, 64. Its break up if preferential tariffs not established, a pure assumption, 67. *Ritchie*: To tax food and not raw material will not promote, 83. *Fowler*: Mr. Chamberlain's menacing prophecy, 88; no evidence of threatened loss of colonies, 96; proposed preference will tend to disunite colonies from Empire, 100. *Rosebery*: Absolutely baseless assumption that it must be kept together by preferential tariffs, 113; Empire has developed both in loyalty and in prosperity under Free Trade, 114; what the Empire does for the Colonies, 114; doubtful that fiscal should precede political union, 117; new policy will have diametrically opposite result from that intended, 301; possible effect of increased emigration from United States into Canada on unity of, 304. *Campbell-Bannerman*: That Empire on verge of dissolution untrue, that assertion should be made record of depth to which political profligacy can fall, 121. *Goschen*: How far proposals are likely to increase sympathy between mother-country and colonies, 279. *Hamilton*: Empire

cannot be kept together by scheme proposed, 193. *Hicks-Beach*: No colonial statesman of any responsibility ever said new policy necessary to keep Empire together, 272.

SELF-CONTAINED.—*Chamberlain*: Belief in, 13; might be absolutely self-sustaining, 36. *Asquith*: Free Traders do not believe in, 67. *Goschen*: Suggestion to rely on our own colonies for food supplies, attractive but unwise, 281; the event of war discussed, 281.

VARIOUS.—*Chamberlain*: In its infancy, 5; what it is, 6; its meaning, 7; desire to create Empire such as never seen, 29; men a product of, 37; voluntary assistance of colonies, a result of, 37; no sacrifice necessary to keep it together, 38; even greater than United States, 56; how it differs from other great States, 173.

Building Trade. *Chamberlain*: Reply to Sir William Harcourt, 258; building materials, 259. *Asquith*: Increased employment in, 205. *Ritchie*: Proposed tax will increase cost of every house built, 81. *Harcourt*: Evident signs of prosperity, 240.

Burke. *Chamberlain*: The people and their physicians, 58.

Buxton, Sydney. *Asquith*: Russia and United States, imports from, 63.

Cabinet. *Chamberlain*: Proceedings prior to his resignation, 174; at time of removal of 1s. corn tax, 179. *Rosebery*: Position before and during the resignations, 102-3. *Ritchie*: Cabinet paper on position of colonies, should foreign countries attempt reprisals, 85. *Hamilton*: Discussion in the September Cabinets and subsequent proceedings, 190. *Harcourt*: Divided against itself, 233.

Campanile of Venice. *Chamberlain*: 30. *Rosebery*: 116.

Campbell - Bannerman, Sir Henry. *Chamberlain*: Followers' flexibility of adaptation, 4; his curious antagonism to everything British, 5; his mode of conducting controversy, 158; his figures as to underfed population, 162.

Canada. PREFERENTIAL TARIFF.—*Chamberlain*: Canada foremost in establishing, 9; results of, 10; definite offer, 10; speech of Finance Minister, 11; Germany's attitude, 11; effect of, 178; Canada asks for preference on corn tax, 179; Prime Minister, leader of Opposition, and others in favour of preference, 256. *Balfour*: Canada threatened by at least one foreign Power in consequence of, 15. *Asquith*: Not a *quid pro quo*, its value discussed, 68; Mr. Chamberlain's statement to colonial Premiers, 212. *Ritchie*: Value of preference discussed, 81; difficulties of shipment of corn to this country, 82; attitude of Germany, 85-6. *Fowler*: Peculiar position between Canada and the United States, 100. *Rosebery*: Why it was given, 114; statement by permanent official of Agricultural Department, and by leading manufacturer, 115; Mr. Chamberlain's two different views on subject, 203; attitude of Canadian manufacturers, 203; if Canada should want more than 2s.? 282. *Morley*: Canadian cotton manufacturers will not admit effective British competition, 151. *Hamilton*: Views of Canadian Prime Minister, 194. *Hicks-Beach*: Difficulty in preventing United States fraudulently availing itself of proposed preference to Canadian corn, 272; Canada's attitude towards preference, 272. [*For claims of Canadian timber to preference by mother country, see under Timber*].

VARIOUS.—*Chamberlain*: Emigrants leaving United States for Canada, 6; greatest and most prosperous of self-governing colonies, 9; Mr. Cobden's attitude towards, 254. *Asquith*: Wheat grower v. lumber-men, 70. *Goschen*: Arguments why wheat growing capacity of colony should be stimulated examined; effect of world's markets and proximity of United States, 280-1. *Hamilton*: Import trade almost monopolised by British Empire and United States, 194. *Rosebery*: Possible effect of increasing emigration from United States to Canada on unity of Empire, 304.

Carnegie, Mr. Andrew. *Rosebery*: His testimony as to condition of iron and steel industry in United States under Protection, 112.

Cement. *Goschen*: Rochester clamouring for Protection, 292. *Hamilton*: Malign influence of fiscal reform question at Rochester, 200.

Chamberlain, Mr. *Chamberlain*: Effect on his party weapons of visit to S. Africa, 2; influence of the illimitable veldt, 3; willing to retire, 4; not a Protectionist, 11; relations with party and with Mr. Balfour, 28; a pioneer, 28; always an optimist, 29; trust in working classes, 32; a missionary of Empire, 44; a Free Trader, but not at any price, 48; explanation of resignation, 174; if he fails at first will go on again, 175; feeling of standing alone, confronting hosts of enemies; his personal pledge, 218. *Balfour*: Why the May Birmingham speech produced so great an effect, 15. *Asquith*: Mr. Chamberlain's and Mr. Balfour's relative positions, 61; a flight of clap-trap, 62; his four distinct fallacies, 67. *Ritchie*: Tribute to Mr. Chamberlain, 74; Mr. Chamberlain's change of opinions since 1882, 77. *Fowler*: He and Mr. Balfour aiming at same result, 89; his case rests on two assertions, neither accepted, 92. *Rosebery*: Mr. Balfour First Lord of the Treasury, Mr. Chamberlain chief of the government, 104; the real protagonist, 105; his previous promises, 106; his appeal to two great forces, 107; compared with Job, 110; the figure in front of the stage, 295; his painful and erratic course, 296; his crowded and embattled loneliness; his pilgrimage of passion, 305. *Campbell-Bannerman*: The depth of his political profligacy, 121; a Protectionist, 123. *Hamilton*: Tribute to Mr. Chamberlain's sincerity, 190.

Chamberlain, Mr. Arthur. *Hamilton*: His opinion on the effect of Protection, 200.

Chamberlain, Mr. Austen. *Rosebery*: Left in charge of the strong box, 104. *Goschen*: His reply to Mr. Ritchie, 137.

Chancellor of the Exchequer. *Ritchie*: Special responsibility of, 76. *Goschen*: Embarrassing position of, if pledges given as to future budget, 138-9. *Morley*: All living ex-Chancellors opposed to new policy, 142; his liberty curtailed under new policy, 149.

Chartists. *Chamberlain*: Opposed to Free Trade movement, 219; riots of 1841, '42, due to action of Chartist leaders, 248. *Harcourt*: Though not represented, working classes demanded Free Trade, 235.

Cheapest Market, BUYING IN THE.—*Chamberlain*: Loss of Canadian preference resulting from, 11; Cobden Club's approval of, 51; the "Demon of cheapness," 221; the doctrine of, 222; why not buy labour in cheapest market? 224. *Harcourt*: Mr. Chamberlain's opinion not that of middle or working classes, 236.

Churchill, Lord Randolph. *Chamberlain*: His opinions on Fair Trade, 176.

Coal Trade. *Asquith*: Increased employment in, 205; coal as an export, 209. *Harcourt*: Advocates of new policy always want to exclude it; increased employment in, 240.

Coasting Trade. See SHIPPING INDUSTRY.

Cobden. NEGOTIATION OF 1860, FRENCH TREATY.—*Chamberlain*: 120. *Balfour*: History of, 17. *Morley*: 144.

HIS ANTICIPATIONS.—*Chamberlain*: Views as to our future position, 31; his expectation of universal acceptance of Free Trade, 47; on agriculture, 55; belief as to what would be results of policy, 180; his mistaken assumption that Free Trade would mean free exchange; that the United States would dig, delve, and plough for us, 251. *Balfour*: his ideal, 16; what he hoped and believed, 20. *Fowler*: Did not adopt Free Trade because other nations would follow our example, 91. *Hicks-Beach*: Colonies no more content than United States to dig, delve, and plough for us, 273.

VARIOUS.—*Chamberlain*: What would be present attitude? 12; relation to electoral reform, 220; opinions on trade unions, 221; underlying principle of Cobdenism was cosmopolitan, 231; Mr. Morley's Life of, (1) Cobden's admission of class interest in Free Trade movement, 248; (2) Cobden and United States manufactures, 250; his attitude towards the colonies, 253; towards Canada,

254; do Free Traders share his antiquated views? 254. *Balfour*: Trust system, a development of which he never dreamed, 20. *Asquith*: An imaginary Cobden (in Mr. Balfour's pamphlet), 61. *Ritchie*: His great services to the country, 75. *Fowler*: Why he adopted Free Trade. *Campbell-Bannerman*: Not Free Traders because of Mr. Cobden, 122. *Morley*: Will not apologise for him, 144; what he would have said as to new conditions, 148.

Cobden Club. *Chamberlain*: Leaflets of, 39; a question not answered by, 50; views on buying in the cheapest market, 51; figures of, 162; manifesto of trade union officials, 221; shipping industry, 225. *Balfour*: A point for their attention, 18.

Cocoa. *Chamberlain*: Half of duty to be taken off, 40.

Coffee. *Chamberlain*: Half of duty to be taken off, 40.

Colonial Conferences. *Chamberlain*: Proposals at Coronation conference, 9; at the Ottawa, Jubilee, and Coronation conferences, 178, 256. *Balfour*: Prime Ministers and representatives of colonies brought before this country and the Empire, in the most categorical terms, the question of tariff reform, 14. *Rosebery*: What really happened at Coronation conference, 303. *Hicks-Beach*: What the colonial premiers said, 272.

Colonies. ATTITUDE TOWARDS MR. CHAMBERLAIN'S PROPOSALS.—*Chamberlain*: 43. *Rosebery*: 115, 302-3. *Hicks-Beach*: 272-3.

PROTECTIONISM IN.—*Chamberlain*: Working men in, are Protectionists, 33; stages reached by different colonies, 33. *Balfour*: "I fear you will not get our great self-governing colonies to retrace the steps" they have taken along path of Protection, 22. *Asquith*: Great majority of colonies erected Protective tariffs against mother country as well as foreign countries, 68. *Hicks-Beach*: Mr. Chamberlain's plan will not prevent colonies raising their Protective tariffs against manufactures of mother country, 273.

TRADE OF.—*Chamberlain*: Compared with foreign trade, 6, 159; duty to promote Colonial trade even at expense of foreign, 7; compared in respect of manufactures, 32; per head, compared with United States, 33; in danger if matters allowed to drift, 35; magnitude of trade with foreign countries, 35; twenty-six millions a year of foreign trade with Colonies might come to this country, 36; our prosperity depending on maintaining and increasing, 159, 251. *Asquith*: Their trade with foreign countries, 68; sixteen, not twenty-six, millions of possible gain, 68. *Rosebery*: Asked to imperil three-fourths of our foreign trade to secure illusory sixteen millions of Colonial trade, 109.

VARIOUS.—*Chamberlain*: Former indifference on part of mother country, 5, 7; population of self-governing compared with United Kingdom 6; prospective increase, 6, 183; contributions to cost of Boer War of Cape Colony, Natal, and the Transvaal, 8; support during Boer war, 37; present relations cannot be permanent, 38; considered as an incumbrance by Free Traders, 56; must be called in to redress balance of food supplies, 168; refuse Imperial Council and scheme of Imperial Defence, 170; sensitive to British opinion, 179; ignorance of conditions under which colonists live, 185; opportunities lost when self-government granted, 185; so long as we keep them, nothing to fear for future, 230; change in our relations with, political and commercial, 251; Mr. Cobden's attitude towards, 253. *Balfour*: Must always retain fiscal autonomy, 21; sentiment of common blood daily gaining strength, but fiscal divisions broadening and deepening, and no man can prophesy ultimate result of these latter, 22. *Asquith*: Have absolutely no grievance against us; their complete freedom, 68. *Rosebery*: Comparative cost of army and navy to mother country and colonies; consulates and embassies; credit of the colonies the credit of the Empire, 114. *Goschen*: What England does for them, 279.

[For question of **Preferential Tariffs** see under that head; also under **Canada, Australia, New Zealand, South Africa.**]

Colonies and new Industries. *Chamberlain*: Invited to leave to us "those numberless industries which have not yet been created," 34; will not arrange tariffs in future to start industries in competition with mother country, 35; Glasgow speech misapprehended, proposal explained, 182. *Asquith*: Asked to stereotype their in-

dustrial condition, 69; Mr. Chamberlain's Glasgow proposal watered down, 212; *Rosebery*: "I do not see the British Empire resting on a schedule of forbidden industries," 116. *Campbell Bannerman*: Mr. Chamberlain's proposal destructive to colonial industrial and fiscal freedom, 127. *Hicks-Beach*: Suggestion dangerous to the unity of the Empire, 273.

Consumer v. Producer. *Chamberlain*: Producer more important than consumer, 222. *Hamilton*: In fiscal matters interests of consumer must not be subordinate to those of producer, 188.

Corn Tax. THE SHILLING DUTY.—*Chamberlain*: Canada's offer, 10, 179; Mr. Ritchie's attitude, 179. *Ritchie*: Mr. Chamberlain's proposal to give preference to colonies out of 1s. tax, 78; reasons for opposition to such proposal, 79. *Fowler*: Meanest tax ever levied, only justified as last resort, 98. *Goschen*: How it affected prices, 135; why originally supported, now sees mistake, 139. *Hicks-Beach*: How it affected prices, 270.

PROPOSED 2s. DUTY.—*Chamberlain*: Proposes low duty on foreign corn not exceeding 2s. a quarter, 40; his reply to Lord Goschen, 167-9. *Asquith*: Ridiculous to suppose 2s. duty will turn whole wheat supply of United Kingdom into Canada, 69. *Ritchie*: Its effect on our relations with United States, 82. *Fowler*: Objects to any tax on bread, 97; proposed tax likely to impair our friendly relations with United States, 100. *Rosebery*: Admits does not mean starvation to any one, but what assurance will not be increased? 297; would confer uneven benefit on Canada and Australia, 302. *Goschen*: Effect on price of bread, 134-5; will it satisfy the colonies? 139; more than present freight on quarter of corn from New York to Liverpool, 140; reasons for stimulating Canadian wheat-growing capacity examined, 280-1; is it final? 282; reply to Mr. Chamberlain's reply, 282. *Morley*: What it will grow to be, 143. *Hicks-Beach*: Difficulty in preventing United States fraudulently availing itself of, 272.

Cotton Industry. *Chamberlain*: "Will go," 55; trade threatened, 258. *Campbell-Bannerman*: Quotes Mr. Macara as to real basis of prosperity, 130. *Goschen*: Importance of new proposals to, 290. *Morley*: Depression in industry not due to Free Trade, 151; Canadian manufacturers will not admit effective British competition, 151; suppose the Americans put a duty on raw cotton, 153. *Hamilton*: How trade with India will be affected under new scheme, 195. *Harcourt*: Average incomes of families in cotton trade in England, Germany, and France compared, 236. *Hicks-Beach*: Nothing could be worse for trade than making imports dearer, 267; exports to protected countries, 268.

Crown Colonies. *Goschen*: Not referred to in the discussion, 290.

Cuba. *Chamberlain*: Prospective exclusion of British goods by preferential arrangement with United States, 229.

Cycle Trade. *Chamberlain*: Trade with foreign protected countries and with Colonies, 260.

Dairy Produce. PROPOSED DUTY. *Chamberlain*: To be taxed about 5 per cent., 40.

Deakin, Mr. *Rosebery*: His view that the offer comes from Mr. Chamberlain, 302.

Denmark. *Asquith*: Capture of Swedish bacon trade by, 206.

Disraeli. *Morley*: Recommends his novel, "Sybil," 145.

Dolls' Eyes. *Chamberlain*: Once a Birmingham trade, how would it be as a substitute for cotton trade? 258.

Dumping. IRON AND STEEL TRADE.—*Chamberlain*: Prospective action of American Steel Trust, 52. *Fowler*: 95. *Morley*: Industry not being ruined by, 152.

PEARL BUTTON TRADE.—*Chamberlain*: Dumping of pearl buttons from Continent, 260.

CYCLES. *Chamberlain*: Dumping of cycles from America, 261.

VARIOUS. *Chamberlain*: Dumping defined, 215-6; dumping and depression, 216. *Asquith*: Almost hysterical dumpophobia of Greenock oration, 64. *Ritchie*: Cabinet paper on subject, 85. *Goschen*: System cannot go on, 288. *Morley*: A Customs House officer the worst kind of, 149. *Harcourt*: Cannot exist, except under high Protection, 237.

East Africa. *Chamberlain*: British and German trade with, 227.

Ecroyd, Sir Farrar. *Chamberlain*: Too early in moving for Fair Trade, 177.

Education. *Chamberlain*: Excitement in this country about Education Bill, 3; free education and other industrial legislation good, but nothing in comparison with any policy or legislation which would ensure continuous employment at fair wages, 52. *Balfour*: Sympathy with movement to meet foreign competition by increased educational efforts, 15. *Asquith*: Better education, better training, better methods, a larger outlook, primary needs, 72. *Rosebery*: Must fight hostile tariffs by better education, 112; when are we going to have a national system? 298. *Campbell-Bannerman*: Lack of education affects trade more seriously than tariffs, 128. *Morley*: Cordially welcomes scientific instruction, but it is not enough, 155.

Employment. *Chamberlain*: New employment given to British workmen by increased colonial trade, 36; employment lost by British workmen consequent on excess of imports over exports, 53, 165; transfer of labour a doctrine of pedants, 54; poverty due to lack of employment, 162; the whole problem as it affects the working classes, 219; how more employment to be obtained, 224; old fallacy of transfer of, 258. *Asquith*: Criticism of Mr. Chamberlain's argument of loss of, due to imports, 211. *Ritchie*: Protection limits field of, 86. *Rosebery*: Hours of labour, Board of Trade returns for this country, France, Germany, and United States, 111; large number of unemployed largely due to migration from country into towns, 298. *Goschen*: Mr. Chamberlain's argument of loss of, due to imports, 289; where is the want of employment in this country? 290. *Hamilton*: Statistics for 1881, 1891, 1901, showing relatively greater growth than growth of population, 189. *Harcourt*: Increased employment in coal mining and building trade, 240. *Hicks-Beach*: Mr. Gladstone's object and Mr. Chamberlain's object the same, their methods of obtaining it different, 265; how affected by imports, 266.

England and Scotland. *Balfour*: Influence of conviction of necessity for fiscal union, 21. *Rosebery*: Mr. Balfour's remarks criticised, 118.

Experts before Tariff Commission. *Chamberlain*: 185. *Asquith*: Mr. Chamberlain's proposal criticised, 213. *Rosebery*: Their hard task, 301.

Exports. *Chamberlain*: 1872 and 1902 compared, 30; our exports to foreign countries continually decreasing, their exports to us increasing, 49; practically stagnant during last thirty years, 159; decline in exports to protected countries during last thirty years, 164; the main test of the cost of our trade, 166; attempt to recover by negotiation, 181. *Asquith*: Exports to France and United States, annual average, 1896-1900, compared with exports to same countries from Germany, 63; exports alone absurd criterion of oversea trade, 65; services of British shipping must be reckoned, 66, 206; supposed decline not a fact: deficiency of exports does not represent loss, 211. *Ritchie*: British shipping as element in export trade, 85. *Fowler*: Exports of later years on basis of 1873 values, 92. *Rosebery*: Exports of 1872 on basis of prices of 1902, 110. *Goschen*: Too much been made of tests of declining, 286. *Harcourt*: Statistics of, reply to Mr. Chamberlain, 241.

Exports. OF MANUFACTURES.—*Chamberlain*: To protected countries, to neutral countries, and to colonies, 1872-1902, 31-2; comparison between foreign and colonial trade, 32; to protected countries, reply to *Glasgow Herald* criticism, 48;

increase, 1882-1902, 53; answer to Mr. Asquith's criticism, *re* year 1872, 164; comparison between quinquennial periods, 165. *Harcourt*: Statistics of, reply to Mr. Chamberlain, 241. *Hicks-Beach*: Value and volume largely increasing, even if not in same proportion as in Germany and United States, 267.

Fair Trade. *Chamberlain*: Lord Randolph Churchill's and Mr. Ritchie's (1882) opinions on, 176; Sir Charles Hammond, Sir Farrar Ecroyd, and other leaders of Fair Trade movement, too early, 177. *Ritchie*: His proposed (1882) inquiry into trade, 77.

Fielding, Mr. *Chamberlain*: On Canada's right to review preference already given, if offers and suggestions put aside, 11, 256. *Hamilton*: His views on preference to British manufacturer, 194.

Figures. *Chamberlain*: Used as illustrations, not as proofs, 48; facts not denied, opponents only quarrel with figures, 159. *Asquith*: Distinction between facts and figures a novel one, 204. *Fowler*: On their being illustrations, not arguments, 92.

Fiscal Policy, The New. THE PROPOSALS MADE.—*Chamberlain*: 39-44. *Balfour*: "A palliative not a cure," 19-26.

ITS TWO OBJECTS AND TWO BRANCHES.—

Chamberlain: Two objects, increase of prosperity of United Kingdom, creation of Empire such as world never seen, 29; the most urgent question colonial preference, the other retaliation or reciprocity, 45-6; the Imperial the great and paramount issue, the personal issue perhaps not less important, 58; a national, a colonial, and a business question, 158; to meet foreigner with his own weapons; to unite Empire by bond of commercial union, 217; change in relations with colonies even more important than question of hostile tariffs, 251. *Balfour*: Two separate aspects of one great problem, 21; colonial question most important and most difficult branch, 22. *Asquith*: The one end must not be sought at the expense of the other, 64. *Ritchie*: The three portions of the policy—colonial preference, retaliation, and preference, 75. *Fowler*: Mr. Chamberlain proposes protection and preference, 97.

IS IT SUDDEN AND PREMATURE?—*Chamberlain*:

Neither sudden nor premature, 174-6; not tried to rush decision, 262. *Balfour*: Tariff reform not a new subject, but suddenly brought to front by more than one cause, 14. *Asquith*: A little less than six months ago Mr. Chamberlain startled the world by announcement that Empire in danger, 60; vital principles suddenly attacked, 203. *Ritchie*: Launched suddenly on country, Cabinet no opportunity of considering question, 76. *Fowler*: Raised without knowledge of Cabinet at casual political meeting, 87. *Rosebery*: Mr. Chamberlain's meditated departure, amazement in the Cabinet, 102; launched in a speech quite suddenly, without even inquiry in the Government, 108; the famous bombshell of 15th May, 294; "it is the rushing that I dread," 305.

ITS RELATION TO PARTY POLITICS.—*Chamberlain*:

Question outside of, 29, 45, 158, 262. *Rosebery*: Why the issue is not non-political, 108. *Harcourt*: Who made this a party question? 232.

HOW THE POLICY IS TO BE CARRIED OUT.—

Chamberlain: Negotiations with colonies, foreign countries, and with individual traders, 184. *Balfour*: Answer to question, How will freedom be used? 21, 23. *Asquith*: Mr. Chamberlain's proposals criticised, 213. *Fowler*: How are new duties to be imposed? no indication how policy to be worked out, 99; how Sir Robert Peel carried Repeal of Corn Laws, 100. *Goschen*: The difficulties and dangers of tariff construction, 292.

VARIOUS.—*Chamberlain*: How it should be dis-

cussed, 29; predicted anger of foreign countries, nothing to fear, 55-6; a great part of opponents' answers beside the question, 162-164; conflict is between Little Englandism and Imperialism, 231; predictions of evil made by opponents, a gross misrepresentation by prophets who have always been wrong, 261; issue in hands of the people, 262. *Asquith*: Mr. Chamberlain's scheme based on unfounded assumptions and unproved inferences, 72. *Ritchie*: Great and gigantic character of the

proposed change, 75. *Fowler*: Perfect unity arrived at between the Prime Minister and the Colonial Secretary, 88-9; crux of the controversy, 89. *Rosebery*: Prospect of complications with other countries, 107; authority of policy disparaged by way it has been launched, 108; the three things Mr. Chamberlain has to prove, 109; universe must be kept as market for raw material and food, 112; new policy would almost inevitably lead to dismemberment of Empire, 117; commercial repose, not fiscal reform, wanted, 300. *Campbell-Bannerman*: For danger to Imperial unity we have mere assertion, while the danger to national prosperity is disproved by very authority to which Government appealed, 122; crusade opened by Government to divert attention from their own failure, 130. *Goschen*: Are opponents of new policy to be dealt with by facts or by authority? 283. *Morley*: All living ex-Chancellors of the Exchequer opposed to, 142; whole weight of experience and authority against, 143; onus of proof lies on advocates of change, 147; will increase cost of production and reduce purchasing power, 149-50; this tariff jingoism the backwash of the war, 155. *Hamilton*: Imperialism cannot be dissociated from economics, 187, 196; his attitude on fiscal reform, 188, 191; change in character of agitation, 190; "fiscal reform" a happy sentiment coined by Mr. Balfour's resourceful brain, but Sheffield resolution indelibly stamped hall-mark of protection on visage of fiscal reform, 197; irrevocable nature of the change, 201-2. *Harcourt*: Mr. Balfour's and Mr. Chamberlain's policies not two separate concerns, only a joint-stock company with double set of articles of association, 233. *Hicks-Beach*: Ultimate issue whether the guiding principle of our tariff shall be free imports or protection, 265; his objections summarised, 275-6.

[For financial aspects of Mr. Chamberlain's proposals, see under **Taxes, Proposed New.**]

Fiscal Tradition. *Balfour*: His desire to reverse, 25. *Ritchie*: Follows on traditions of greatest Conservative statesman, 75. *Fowler*: Mr. Balfour's declaration crux of whole controversy, 89. *Rosebery*: Dead against citing authorities of men dead and gone, but complains of limitations on present discussion, 107. *Morley*: "Away with our ancestors!" 142. *Hamilton*: Abandonment of protection was mainspring of political regeneration of Tory Party, 188.

Flour. PROPOSED DUTY.—*Chamberlain*: Tax to give substantial preference to miller, 40.

Food Supplies. *Chamberlain*: Any one of the foreign countries we depend on, by shutting their doors, might reduce us to almost absolute starvation, 168; colonies must be called in to redress balance, 168. *Fowler*: Proportion of, from foreign countries and from colonies, and effect of proposed new taxes, 98. *Goschen*: Our great dependence on overseas supplies, percentage compared with other countries, 133; proposed reliance on our own colonies examined, 281; in time of war, 281. *Morley*: Average price has fallen 30 per cent. in last twenty-five years, 147. *Hamilton*: Fall in food prices during last twenty-five years, about 45 per cent. as against 18 per cent. in Germany, 192; contention that cheapness of food not due to free imports refuted by Blue Book, 192: comparative consumption of various food stuffs per head of population, 1875-1901, 192; value of foreign supplies about equal to value of colonial and home supplies, 193.

Food, Taxation of. *Chamberlain*: "To prevent separation you must put a tax on food," 39; "nothing that I propose would add one farthing to cost of living," 40; asking people to transfer taxation from one article to another, 160-1; price of food supplies varies, according to many different circumstances, not according to tax, 169; pledge that proposals will not add one farthing to cost of living, 218. *Balfour*: "Even an attempted remedy" of colonial problem "would involve the taxation of food,"—"I do not think that public opinion is ripe for taxation of food," 22. *Asquith*: Cannot effectively retaliate on protected countries without tax on, 63. *Ritchie*: We should have great advantages before consenting to adopt foreign methods, 82. The vital question. He will be no party to it, 86. *Fowler*: Sir Robert Peel's strong opposition to revival of food taxes, 100, 101. *Rosebery*: Imperial Federation League believed no sane Minister would be found to advocate it, 106; is food not raw material? 116. *Campbell-Bannerman*: Mr. Chamberlain's policy knocks itself to

pieces on, 127. *Goschen*: Proposed new taxes not compensated for by taxation to be taken off, 137. *Hamilton*: Will proposed new taxes be compensated by increased drinking of tea? 193. *Harcourt*: Really the horse by which the Government stand to win, 234. *Hicks-Beach*: Proposed reduction of duties will not make up for increased cost of bread, 270.

Foreign Competition. *Chamberlain*: We are sending less and less of manufactures to foreign countries, and they are sending more and more of manufactures to us, 31, 159; in colonial markets, 35-6; policy of foreign countries not in slightest degree actuated by ill-feeling to Great Britain, 47; we have to face envy and jealousy of other people who have noted our wonderful success, 57; effect of increased prosperity of protective nations, and of the growth of great foreign competition on Mr. Chamberlain's opinions, 177; history of its growth after our adoption of Free Trade, 251. *Balfour*: Sympathy with endeavour to meet by increased educational efforts, 15; foreign nations endeavouring to limit international play of supply and demand, 19; not animated by desire to destroy our trade *simpliciter*, 24. *Asquith*: Protectionist tariffs not directed specially against this country, 62. *Rosebery*: Must fight hostile tariffs by better education, 112. *Morley*: Foreign countries not wiser for us than we are for ourselves, 144. *Hamilton*: Their advantages over us in the industrial race enumerated, 192; their tariffs not specially directed against us, 198.

[For FOREIGN INVASION OF HOME MARKETS, see under **Home Trade**.]

[See also **Retaliation and Alternative Policies**.]

Foreign Investments. *Asquith*: Interest on, more than doubled during last thirty years, 65. *Goschen*: Interest on paid for in imports; American securities re-sold at higher price, 286.

France. TRADE.—*Chamberlain*: Our trade with, 56; exclusion of British trade from Madagascar, 228. *Asquith*: Imports into France from United Kingdom, compared with imports from Germany, 63. *Rosebery*: Her proportion of aggregate trade of four great trade nations of the world, 297.

PRICE OF WHEAT IN.—*Chamberlain*: Relation to import duties, answer to Lord Goschen, 168. *Ritchie*: Effect on, of import duties, 79. *Fowler*: Effect on, of import duties, 98. *Goschen*: Though dependent on foreign countries for only 2 per cent. of wheat supplies, prices higher than in this country because of protection; statistics, 133, 136; reply to Mr. Chamberlain's reply, 285.

VARIOUS.—*Balfour*: Taxation of food part of normal system, 23. *Rosebery*: Has longer hours of labour than United States or United Kingdom, 111. *Goschen*: Groceries cheaper in this country than in France; comparison between purchasing powers of money, 134; an illustration of the inclined plane argument, 140. *Morley*: Progressive increase in corn duty, 143.

Free Trade. *Chamberlain*: Doubts as to interpretation, 11; artificial and wrong interpretation, 12; conditions now different from thirty years ago, 46; prosperity under, for 25 years, 47; increased prosperity of country not due to, 158; free imports are not Free Trade, 163; its promise and performance, 180; effects of its adoption in this country, as stated by opponents of change, a popular delusion, 217; a manufacturers' and not a working-class movement, 219, 248; irreconcilable with trade unionism, 221, 222; its doctrines, 222; working class neither represented nor consulted when Free Trade policy adopted, 245; true causes of prosperity experienced for quarter of century after adoption of Free Trade, 249; the best economic policy at time of adoption, 250; policy of free imports has taken place of policy of universal Free Trade, 250; what foreign countries did when this country adopted Free Trade, 251. *Balfour*: Tariff reforms between 1841-46 necessary at time made, 15; domestic Free Trade in protectionist countries, 18; America and Germany may well ask if our Free Trade extends beyond the four seas, 19; Free Trade a farce if foreign tariffs do not produce evil effect in country against which they are directed, 19; controversy of 1846 only of historical interest, 23. *Ritchie*: Country has prospered under fiscal system, 75; what Free Trade does for working man, 86. *Fowler*: The resolution of 1852, 87; policy must stand or fall by test of experience, 88; does not involve the abolition of customs duties, 89; we are free traders from pure selfishness, 91; Peel and Cobden's policy of fighting hostile tariffs by free imports, 91; absolute

inter-state Free Trade in United States, 99; attachment to Free Trade justified by experience, 101. *Rosebery*: Has not failed, reasons in support of statement, 109; a secure rock on which British commerce and credit are raised, 111. *Campbell-Bannerman*: Free Trade, a shibboleth, 122; why it is good, 123; its doctrine, 125; *Morley*: Has it failed? Condition of Lancashire before it came in, 144; effect on foreign countries of our renunciation of, 155. *Harcourt*: When Free Trade introduced, spirit of working classes demanded it (reply to Mr. Chamberlain), 235. *Hicks-Beach*: Ultimate issue between free imports and Protection, 265; our prosperity due to their great forces as well as free imports, but free imports gave free play to them, 266.

Free Food League. *Chamberlain*: Their position inconsistent with absolute Free Trade doctrine, 255.

Free Food Retaliator. *Harcourt*: The Prime Minister one, 237.

French Commercial Treaty, 1860. *Chamberlain*: Approved by Mr. Cobden and Mr. Bright, 12. *Balfour*: History of, 17. *Morley*: Increased trade of country by enormous amount, 144. *Harcourt*: Mr. Gladstone's speech on, 241. *Hicks-Beach*: Mr. Gladstone and the treaty, 265.

Fruits. *Chamberlain*: Colonial, probable preference, 40.

Gaskell, Mrs. *Morley*: Recommends her novel, "North and South," 145.

General Election, DATE OF NEXT.—*Chamberlain*: Not very near, 13; may still be postponed for a considerable time, 175. *Fowler*: Must be at an early date, 100. *Rosebery*: Not fair to commercial community to postpone indefinitely, 295. *Morley*: Issue having been raised it ought to be settled promptly, 153. *Harcourt*: Not surprised Government wish to postpone taking opinion of country, 235.

ISSUES AT NEXT.—*Chamberlain*: Not what opponents propose, 13. *Fowler*: Mr. Chamberlain's announcement of issue, 87.

Germany. ATTITUDE TOWARDS CANADA.—*Chamberlain*: 11. *Balfour*: 15. *Ritchie*: 85-6.

TRADE.—*Chamberlain*: Increase of exports between 1872 and 1902, 31; our trade with, 56; British and German trade at Zanzibar, 227. *Balfour*: All restrictions on Free Trade within circuit of German Empire abolished, 19. *Asquith*: German exports to France and United States, compared with exports to same countries from United Kingdom, 63; Germany's home markets, 63, 210. *Rosebery*: Her proportion of aggregate trade of four great trade nations of the world, 297. *Goschen*: Why Germans threaten British trade, 291; how the German tariff was passed, 292. *Hicks-Beach*: Growth during last thirty years, 267.

PROSPERITY OF.—*Chamberlain*: What due to? 163. *Asquith*: By what test is Germany more prosperous? 205. *Goschen*: Alleged prosperity not proved, German testimony, 288. *Harcourt*: Opinion of German working man on results of Protection, 236; average income of family in cotton trade, and average wages in skilled trades, compared with this country, 236.

PRICE OF WHEAT IN.—*Chamberlain*: Relation to import duties, answer to Lord Goschen, 168. *Ritchie*: Effect on, of import duties, 79. *Fowler*: Effect on, of import duties, 98. *Goschen*: Though dependent on foreign countries for only one-third of wheat supplies, prices higher than in this country because of Protection; statistics, 133, 136; reply to Mr. Chamberlain's reply, 285.

VARIOUS.—*Chamberlain*: Tram rails from, 223. *Balfour*: Fiscal union began before political union, 220. *Asquith*: Comparison position of British and German workmen, 65. *Ritchie*: Increase of socialism owing to food taxes, 79. *Rosebery*: Has longer hours of labour than France, United States, or United Kingdom, 111; Mr. Balfour's remarks on fiscal and political union criticised, 118. *Goschen*: Groceries cheaper in this country than in Germany, 134; an illustration of the "inclined plane" argument, 140. *Morley*: Progressive increase in corn duty, 143. *Hamilton*: Fall in prices of food stuffs during last twenty-five years 18 per cent. as against 45 per cent. here, 192.

Giffen, Sir Robert. *Rosebery*: His estimate of national capital and income, 110.

Gladstone. THE 1860 FRENCH TREATY.—*Balfour*: 18. *Harcourt*: 241. *Hicks-Beach*: 265.

VARIOUS.—*Asquith*: His experience at Board of Trade, 1841–5, 210; speech at Leeds, 1881, on Protection, 210. *Ritchie*: His recognition of unsatisfactory condition of trade in 1882, 77. *Fowler*: Definition of bread, 97. *Campbell-Bannerman*: “The great thing is to be right,” 124.

‘*Glasgow Herald*.’ *Chamberlain*: Reply to criticism of, *re* selection of period 1872–1902 for purposes of trade comparison, 48. *Rosebery*: Its part in fiscal controversy, quotes Mr. Montgredien, 209.

‘*Globe*’ (CANADA). *Rosebery*: On Canada and British fiscal problems, 303.

Goschen, Viscount. *Chamberlain*: A serious critic, 158; his intention of dealing with economic facts, 166; his views as to who pays tax answered, 167–9; his fear of negotiating with colonies, his views twelve years ago, 172.

Government Departments. *Chamberlain*: Official apathy in caring for British trade, 228. *Goschen*: Mr. Chamberlain’s proposal to entrust drawing up of tariff to “incompetent” officials, 292.

Government, The present. CHARACTER OF.—*Rosebery*: Mr. Balfour First Lord of the Treasury, Mr. Chamberlain chief of the Government, 104; no parallel to, in whole history of England, 294. *Harcourt*: Only a joint-stock company with a double set of articles of association, 233; never seen a Government so ridiculous as this, 234.

PROGRAMME OF.—*Chamberlain*: The nation may go further than official programme, 29; Government will not commit people to change of policy without their full authority, 175; policy of, legitimate, wise, effective, 181. *Balfour*: Fundamental request, freedom of negotiation, 19; how would such freedom be used? 21. *Asquith*: Retaliation, or freedom of negotiation, provisionally the official programme of the Tory Party, 61.

VARIOUS.—*Asquith*: What has been and what is its attitude, 60; its attitude towards Mr. Chamberlain, 203. *Fowler*: Veil lifted from the secrecy of Cabinet Councils, 88. *Campbell-Bannerman*: Claim Empire and Imperial idea as almost their own asset, 120. *Morley*: Its position most humiliating in our political history, 153; the Government have wrecked themselves, 154.

Grey, Sir Edward. *Chamberlain*: His proposal for Imperial Council not an alternative to commercial union, 169; Imperial Free Trade the ultimate ideal, 217.

Groceries. *Goschen*: Cheaper here than in France or Germany, statistics, 134.

Hammond, Sir Charles. *Chamberlain*: Too early in moving for Fair Trade, 177.

Harcourt, Sir William. *Chamberlain*: His attribution of Preston riots to protection incorrect, really due to Chartist instigation, 248; his criticism turned against Mr. Chamberlain’s opponents, 252; and the building trade, 258.

Harum, David. *Campbell-Bannerman*: His maxim, Mr. Chamberlain of the Harum School, 125.

Hewins, Professor. *Chamberlain*: Quoted in support of view that consumer pays whole of import duty only under very exceptional circumstances, 167.

Hicks-Beach, Sir Michael. *Chamberlain*: Boasts he has always been against preference, a little Englander in practice, 254. *Fowler*: His article in ‘Monthly Review,’ reference to iron trade profits, 95. *Hicks-Beach*: Reply to Mr. Chamberlain, “I am a wider Imperialist than Mr. Chamberlain,” 274.

Hill, Mr. Norman. *Chamberlain*: His pamphlet on shipping industry, 225.

Historical Illustrations. *Chamberlain*: Decay of Venice, 30; failure of Holland to retain command of sea, 230; our task mere trifle compared with forefather's strife with Napoleon, 231. *Balfour*: Union of England and Scotland, 21; fiscal union of German States, 22; French Revolution as cause of a sentiment born of history, 22; Bangorian Controversy, 24. *Rosebery*: Mr. Canning and Lord Castlereagh's duel, 104; use of Orders in Council by Lord Grenville's and the Duke of Portland's Governments in 1807, their employment defended by Mr. Perceval, 105; Union of Scotland and of the German Empire, fiscal and political union, 118. *Morley*: Walpole's abandonment of Excise scheme, 153.

Hitting Back. *Chamberlain*: "I have never liked being hit without striking back," 48. *Asquith*: Mr. Gladstone's definition of the Protectionist precept, 210. *Rosebery*: A sentiment pervading every part of Mr. Chamberlain's policy, 107; appeal to those hesitating, 305. *Campbell-Bannerman*: Must tax food and raw material if we are to hit back to hurt, 126. *Harcourt*: A very old policy—antecedent even to the Christian era, 234.

Hofmeyr, Mr. *Chamberlain*: At the Ottawa Conference, 178; if no reciprocity, preference will not last, 257.

Holland. *Chamberlain*: Her failure to retain command of the sea, 230.

Home Trade. *Chamberlain*: Mr. Asquith's charge of ignoring it, 257. *Asquith*: Ignored by Mr. Chamberlain, its extent computed, 65. *Ritchie*: Will protection benefit home industries, 86. *Rosebery*: Always left out of discussion by protectionists, 110.

FOREIGN INVASION OF HOME MARKETS.—*Chamberlain*: The same foreigners who shut us out invade our markets and leave us doubly injured, 49; our country left totally unguarded against such assaults, 50; the question discussed, effect of industrial legislation, primary and secondary industries, transfer of labour, the remedy, 50-6; importing more and more of those finished goods which give the greatest employment to the working classes, 159; foreigners and the British lion; how it is the foreigners have made great inroads, 181; taking it lying down, 181; dumping, 215; question discussed—inconsistency in allowing trade unionism and industrial legislation to compete with sweating and cheap labour and other unequal conditions, 221-4; illustrations of ruined and threatened industries, 258-9; illustrations of dumping, 260. *Balfour*: Danger from trusts, 19; goods now poured into country which under true system of Free Trade could never compete with home industries, 25. *Morley*: No evidence of displacement of home trade by foreign imports, 147. *Harcourt*: It is in protectionist countries that the conditions of labour complained of by Mr. Chamberlain prevail, 236; no evidence of displacement of home trade by foreign imports, 242.

Imperial Council. *Chamberlain*: Not an alternative to commercial union, 169; rejected by colonies, 170; Mr. Asquith's proposal for, 255.

Imperial Defence. *Chamberlain*: Colonies hitherto backward, 8-9; not an alternative to commercial union, 170.

Imperial Federation League. *Chamberlain*: Lord Rosebery's suggestions when President of, 171. *Rosebery*: League worked at Mr. Chamberlain's policy twenty years ago, but in vain, 106.

Imperial Free Trade. *Chamberlain*: Agrees with Sir Edward Grey that Imperial Free Trade the ultimate ideal, at present impossible, but new policy a step towards, 217. *Fowler*: The only possible proposition, colonies not prepared to entertain it, 96.

Imports. *Chamberlain*: From foreign countries, 1872-1902, 32; compared with exports, 49; 1882-1902, 53; from protected countries, increased during last thirty years, 164-165. *Asquith*: From Russia and United States, analyzed, 64; how excess of imports paid for, 211. *Goschen*: How we pay for our imports—influence of freights and foreign investments, 286; cannot keep out ninety millions of imports

and at same time derive nine millions revenue from them, 289. *Hamilton*: How India pays for her excess of imports from this country, 199. *Harcourt*: Why are we alarmed at them? what they have to pay for, 242. *Hicks-Beach*: Growth of, a sign of increasing wealth; how we pay for them, 266.

[EFFECTS OF IMPORT OF MANUFACTURES ON EMPLOYMENT. See **Employment and Wages.**]

Inclined Plane, Protection an. *Asquith*: 69. *Rosebery*: No finality in proposed new taxes; protection once adopted cannot be discarded, 112, 297, 299. *Campbell-Bannerman*: No finality, 125. *Goschen*: Danger of, 139; France and Germany examples of, 140; will Canada be able to get more? 282. *Morley*: France and Germany examples of, 143. *Hamilton*: If principle of taxation to keep Empire together once accepted, limitation cannot be maintained, 193; irrevocable nature of proposed change, 201-2. *Hicks-Beach*: No one supposes proposed taxes would be final, 271-2.

Incomes, Fixed. *Rosebery*: Men and women with, must be consulted on new policy, 113.

Income Tax. *Asquith*: Amount assessed doubled during last thirty years, 65. *Fowler*: Progressive increase in income tax returns, 94; trade profits, Schedule D, 94. *Goschen*: Increased returns represent prosperity of vast number of smaller people, 285. *Morley*: Increase in assessments since 1868, 147. *Hamilton*: Increase in returns during recent years, 189.

India. *Goschen*: Left untouched by Mr. Chamberlain, 290. *Hamilton*: Position of, if Free Trade policy is discarded, 195; her financial obligations in this country; how her annual indebtedness is paid, 199. *Hicks-Beach*: Mr. Chamberlain's silence about, 274; may fairly ask for preference on wheat, tea, and rice, 274-5.

Industrial Legislation *Chamberlain*: Entails increased cost of production, 50; good, but nothing in comparison with legislation ensuring continuous employment at fair wages, 52; present legislation futile if sweated goods allowed to enter this country, 222.

Inquiry. *Asquith*: "A so-called inquiry," 60; *Ritchie*: Never heard Mr. Chamberlain use term, 75. *Fowler*: Its convincing effect, 88. *Rosebery*: Inquiry into the constituencies and not into commerce, House of Commons gagged, 103; policy launched without even inquiry in the Government, 108; never deprecated inquiry, but have now got beyond it, 300. *Campbell-Bannerman*: Official inquiry has demonstrated vigour and elasticity of our trade, 121.

Irish Potato Famine. *Chamberlain*: Not the result of the Corn Laws, 249. *Hamilton*: The awful calamity of, required to work the revolution in our fiscal policy, 202.

Iron and Steel Industry. *Chamberlain*: "Iron is threatened," 55. *Fowler*: Statistics of present prosperity of trade, 95; dumping in, 95. *Rosebery*: Mr. Carnegie's testimony to financial difficulties of industry in United States, notwithstanding Protection, 112. *Morley*: Trade not very bad after all, Sir James Kitson's testimony, price of shares, 152. *Harcourt*: Large increase of exports, 237. *Hicks-Beach*: Effect of utilisation of phosphoric ores on production of steel, 268; how import duties on iron would affect us in competition with the world, 269.

Jam and Pickles. *Chamberlain*: A substitute for sugar industries, 54, 258.

Jenkins, Sir John. *Rosebery*: His testimony as to the tin-plate industry, 116.

Jewellery Trade. *Chamberlain*: Statistics of decline, 259.

Kitson, Sir James. *Morley*: His testimony as to condition of iron and steel trade, 152.

Land Laws. *Campbell-Bannerman*: Our present system greater peril than foreign tariffs, 128.

Laurier, Sir Wilfrid (CANADIAN PREMIER).—*Chamberlain*: In favour of preferential system, 256. *Asquith*: Canadian preference not a *quid pro quo*, 68; what would he say to proposal to stereotype colonies' industrial position? 69. *Rosebery*: Why he gave us the Canadian preference, 114; his testimony that British Empire can only be maintained upon absolute freedom, 118. *Morley*: His statement that abandonment of Free Trade will limit purchasing power of people, 151. *Hicks-Beach*: His desire for preference from mother country in return for increased preference on part of Canada, 272.

Leather. *Rosebery*: Manufacturers largely dependent on imported leather, 295. *Hicks-Beach*: How import duty on, would affect leather trades in competition with the world, 269.

Liberal Party. *Chamberlain*: Composite elements of, 3; combination not so terrible, 4; its leaders and national and imperial policy, 5. *Asquith*: Why liberals, free traders, oppose retaliation as a policy, 62. *Campbell-Bannerman*: Free Trade not put forward as full remedy, alternative policy, 127. *Rosebery*: His message of peace, "Let bygones be bygones," 306. *Morley*: True lessons of Liberalism, 155.

Licensing Laws. *Rosebery*: Gradual growth of vested interest, its present power, 299. *Campbell-Bannerman*: Deleterious effect of licensing laws on trade, 129.

Lincoln, President. *Chamberlain*: In favour of Protection, 50.

Little Englanders. *Chamberlain*: Their want of courage, 3; a small minority, 6; artificial and wrong interpretation of Free Trade, 12; argument that foreigners will be angry, worthy of Little Englander, 55; the conflict is between Little Englandism and Imperialism, 231; Little Englanders in practice if Imperialists in theory, 254. *Asquith*: We Liberals, we free traders, do not decline assent to policy because craven, poor-spirited Little Englanders, 62. *Ritchie*: His protest against use of term, 75. *Hicks-Beach*: Taunt ungenerous, 274.

Loaf, Big and Little. *Chamberlain*: Questions at issue not to be decided by ridiculous appeals to, 58; the way in which argument is illustrated by opponents, 261; loaves specially made produced, 262.

London County Council. *Chamberlain*: Its contracts and purchase of foreign goods, 223.

Macara, Mr. *Campbell-Bannerman*: His views on real basis of prosperity of cotton industry, 130.

McKinley, President. *Chamberlain*: In favour of Protection, 50.

McKinley Tariff. *Chamberlain*: Effect on woollen and other trades, 167; influence on pearl-button trade, 260. *Asquith*: Effect on tin-plate trade, 210.

Madagascar. *Chamberlain*: Our exclusion from trade of, by France, 228.

Maize. EXEMPTION FROM TAXATION.—*Chamberlain*: 40. *Asquith*: Why exempt maize? 213. *Rosebery*: 109. *Goschen*: 283. *Harcourt*: 243. *Hicks-Beach*: 270.

Mandate. *Chamberlain*: Government not in position to offer any preference so long as mandate is to keep an open market, 11; broad outline of plan can only be filled in when mandate given to Government, 43; mandate asked for leave to negotiate with colonies, 182. *Balfour*: Asks that government may have freedom to negotiate, 20. *Ritchie*: No necessity for a mandate, 83. *Fowler*: Government no mandate to deal with fiscal question, 100. *Rosebery*: If Government wants more unlimited authority, must disclose plans to Parliament, 105; country not in humour for; Mr. Chamberlain has already had mandate for eight years, 300. *Goschen*: What does Mr. Balfour mean when he asks for mandate? 278.

Manufactures, Proposed Duty on Imported. *Chamberlain*: Not exceeding 10 per cent. on average, 43; would give Exchequer nine millions a year, 43. *Asquith*: Nine millions can only be raised by taxing raw materials of industries, 72; what will be its effect? 212. *Ritchie*: Price of home as well as foreign manufactured goods will be raised, 81. *Fowler*: Are colonial manufacturers to pay it? 97; and raw material, how is line to be drawn between? 99. *Goschen*: Cannot keep out ninety millions of foreign manufactures and at the same time get nine millions a year revenue by taxing them, 289; effect of duty on machinery in cotton mills, 290. *Hicks-Beach*: How proposed duties would affect the producer; cases of iron, leather, and agricultural implements; effect on poorer class of consumers, 268-9; does it apply to colonial manufactures? 275.

Meat, Foreign. PROPOSED DUTY.—*Chamberlain*: To be taxed about 5 per cent., 40. *Asquith*: Ridiculous to suppose duty would make any substantial diversion in sources of supply, 69.

Mill, John Stuart. *Chamberlain*: Supports doctrine that tax on imports paid by foreigner, 41; supports view that consumer pays for whole of import duty only under very exceptional circumstances, 167.

Money, Purchasing Power of. *Asquith*: Used as a test, 205. *Ritchie*: If new taxes imposed, 20s. will only buy 17s. 6d. worth of goods, 81; twenty-six years ago and now, in this country and in Germany, 86. *Fowler*: Very largely increased during last twenty years, 93. *Rosebery*: Evidence of Board of Trade Report, 111. *Goschen*: In England and France compared, 134.

Montgredien, Mr. *Chamberlain*: His testimony as to flourishing state of country before adoption of Free Trade, 249. *Rosebery*: His testimony as to evil effects of protection, 299.

'Monthly Review.' *Fowler*: Sir Michael Hicks-Beach's article in, his estimate of ironmasters' profits, 95.

Most-Favoured-Nation Clause. *Asquith*: In any given protected market, we are on as good a footing as any of our protectionist rivals, 63. *Ritchie*: Benefits we derive from, 84. *Hamilton*: We have treatment as good as, if not better than, protectionist countries, 198.

Napoleon. *Chamberlain*: Our task compared with struggle of our forefathers against Napoleon, 231.

Negotiation. FREEDOM OF.—See RETALIATION.

Neutral Markets. *Chamberlain*: Exports of manufactures to, 31; former contention maintained, 251. *Ritchie*: Protection puts us in less advantageous position in, 84. *Hicks-Beach*: Effect of proposed new duties on our trade in, 268.

'Newcastle Chronicle.' *Chamberlain*: Figures of tonnage of shipping quoted from, 226.

New Zealand. PREFERENTIAL TARIFFS.—*Chamberlain*: Acceptance of principle by Premier, 9; still under discussion, 178; proposed legislation *re* coasting trade, 229; reciprocal preference leading article in programme of Prime Minister, 257.

Nicholson, Professor. *Harcourt*: Entirely against Mr. Chamberlain's plans, 239. *Goschen*: Has repudiated construction put on his political economy by Mr. Chamberlain, 283.

Norway. *Asquith*: Influence of mercantile marine on trade, 206.

Old Age Pensions. *Rosebery*: Promised by Mr. Chamberlain in 1895 and still in arrear, 106; disappeared along with bouncing surpluses—not for first time, 296.

Orders in Council. *Rosebery*: Their use as weapons of retaliation, instances of their employment, 105.

Palliative, not Cure. *Balfour* : 19 ; fundamental request, freedom of negotiation, for Government, 20. *Campbell-Bannerman* : 125.

Party Politics. QUESTION OUTSIDE OF.—See under FISCAL POLICY, THE NEW.

Pauperism and Poverty. *Chamberlain* : Sir H. Campbell-Bannerman's figures as to population on verge of starvation, 162 ; proportion of workmen in receipt of pauper relief at sixty-five years of age, 162. *Asquith* : Decrease in pauperism during last thirty years, 211. *Fowler* : Decrease in since adoption of Free Trade, 93. *Goschen* : Problem not touched by new policy, 290.

Pearl Button Trade. *Chamberlain* : Its rapid decline, 260.

Peel, Sir Robert. *Asquith* : Speech in 1846, reference to this country and foreign tariffs, 62. *Fowler* : To consult our own interests the foundation of Peel's policy, 91 ; on retaliation, 97 ; his method of repealing the Corn Laws, 100 ; his strong opposition to revival of protection, 100, 101. *Rosebery* : His the principal credit for adoption of Free Trade, 107 ; his typical instances of labourer and artisan in 1849, 111.

'Philadelphia Ledger.' *Chamberlain* : Account in, of interview with director of American Steel Trust, 51.

Pierce, Mr. Frankland. *Hamilton* : His testimony to corrupting effect of tariff legislation, 201.

Pledge, Mr. Chamberlain's Personal. *Chamberlain* : 218 ; *Rosebery* : The sole security now offered for cheapness of food in future, 296.

Political Economy. *Chamberlain* : Lord Goschen's economic facts, 166 ; view that consumer pays whole of import duty only under very exceptional circumstances supported by economists of greatest reputation in Germany and United States, also by various British economists, 167. *Rosebery* : We are told to forget Bastiat, 107. *Goschen* : An analyst of economic facts ; the professors of political economy the one class warned off this discussion, 132 ; are Mr. Chamberlain's opponents to be dealt with by facts or by authority? 283. *Morley* : The fourteen professors dismissed as rapidly as the practical men, 142 ; truths of political economy not absolute, 146. *Harcourt* : Professor Nicholson entirely against Mr. Chamberlain's plans, 239.

Population Surplus.—*Chamberlain* : Where does it go to? 252.

Preferential Tariffs, Imperial. *Chamberlain* : First among means by which colonies trying to promote union is offer of preferential tariffs, 9 ; under established fiscal policy of country, Government not in position to offer any preference, 11 ; policy which prevents us from offering an advantage to colonies, prevents us from defending them if attacked, 11 ; Germany's attitude a general threat, 12 ; reciprocal trade between colonies and mother country pressed for by Adam Smith, 27 ; the offer Mr. Chamberlain would make, 34 ; in return for very moderate preference, colonies will give substantial advantage, though will not injure industries already created, 35 ; if opportunity not taken, what will happen, 35 ; agrees with Mr. Rhodes that tie to prevent separation is reciprocal preference, 39 ; futile to offer colonies preference on manufactures, cannot give preference on raw materials, therefore, if wish to give preference, must put tax on food, 39 ; proposed preferential duties, 40 ; colonies not actuated by any spirit of selfishness, 44, 160 ; preference with colonies most urgent part of question, 45 ; colonies will not repeat offer, and may seek for reciprocal advantages from other countries, 46 ; rejection of offer may do irreparable injury, 57 ; method not first proposed by Mr. Chamberlain, but offer made by colonies, 159 ; will stimulate Imperial trade, 169, 230 ; no alternative proposal produced by opponents, 169, 186 ; alleged offer of bribe to colonies, 170 ; asked for to keep colonies together, reply to Lord Rosebery, 171 ; matter brought before colonial conferences, colonial desire expressed to Imperial Government, 178 ; question must be discussed by the people, 180 ; mandate to negotiate with colonies asked for, 182 ; what preference will the colonies give? 183 ; no bargain concluded with colonies unless mutually beneficial, 184 ; a step towards Imperial Free Trade, 217 ; if we give colonies a preference they will reciprocate, 252 ; opportunity may never re-occur, 253 ; reply to

Mr. Asquith, preferential system asked for by colonial representatives, 256. *Balfour*: Representatives of colonies brought question of tariff reform before this country and Empire in most categorical and explicit terms, 14; relation between desire of colonies to give preference and question of retaliation, 15; fears self-governing colonies will not abandon protection, 20; even an attempted remedy of colonial problem would involve taxation of food, public opinion in this country not ripe for such taxation, 22. *Asquith*: Break up of Empire unless preferential tariffs established, pure assumption, 67; impossible to do equal justice to all the colonies under Mr. Chamberlain's scheme, 70; increased cost of meat and bread in this country too much to ask, 212. *Ritchie*: Whole basis of argument for colonial preference is that consumer pays, 79; to treat all colonies alike must tax raw material, 82; Cabinet paper, on colonies being punished for giving preference to mother country, 85. *Fowler*: The question discussed, 96; if give preference on wheat to one colony, must give preference on raw material to another, 99. *Rosebery*: Absolutely baseless assumption that preferential tariffs necessary to keep Empire together, 113; what we do for the colonies, 114; offer not from the colonies but from us, 115; Imperial aspect of new policy alluring, but result diametrically opposite of that intended, 301; offer from Mr. Chamberlain to colonies, not from colonies to us, 302; what really happened at Coronation Conference, 303. *Goschen*: Complications that would arise with colonies and with working-classes if bargain entered into, 138; Mr. Reid's views, 279, 280; what we do for the colonies, 179; what are the preferences to be given by the colonies? 280. *Hamilton*: Imperialism cannot be dissociated from economics, 187, 196; denies efficiency of proposed preferential tariff to accomplish its avowed object, 193; what can the colonies, or are they likely, to give? 194; proposed bargain between colonies and mother country a one-sided one, 195; inequality of benefit to colonies under proposed scheme, estimates per head of the population, 195. *Hicks-Beach*: Attitude of colonies towards, 272-3; different interests in the colonies not sufficiently considered, 275.

Producer v. Consumer. *Chamberlain*: Producer more important than consumer, 222. *Hamilton*: In fiscal matters interests of consumer must not be subordinate to those of producer, 188.

Progress, Our Comparative Economic. *Chamberlain*: In respect of exports, 31, 49; "all those great nations, without exception, who have adopted a system which you say is bad for them have prospered more than we have done," 50; we have ceased to hold former position of industrial supremacy, 159; according to every test of prosperity, protective countries increasing more quickly than we are, 163; in respect of shipping, 225. *Balfour*: Growing uneasiness as to condition of British trade in relation to trade of world, 15. *Asquith*: United States shipping tonnage has decreased while British tonnage has increased, 66. *Ritchie*: In thirty-two years our shipping tonnage doubled while that of United States reduced to one-third of what it was, 85; compared with Germany, in respect of increase in purchasing power of money, 86. *Rosebery*: Answer to Mr. Chamberlain's argument, 298. *Hamilton*: Comparison between fall in food prices here and in Germany during past twenty-five years, 192. *Harcourt*: Reply to Mr. Chamberlain, 241. *Hicks-Beach*: Reasons why our export trade cannot be expected to increase in same proportion as export trade of Germany and United States, 267.

Prosperity, our Present. *Chamberlain*: Question, Why not leave well alone? answered by warning against signs of decay, 30; prosperity not due to Free Trade, though that may have contributed, 158; viewed as the ground for criticism of proposals, 162; such criticism answered, 162 onwards, and 217, 218; dependent on continuance and increase of our trade with colonies, 252; *Balfour*: Answer to question, Why desire to resume freedom of negotiation, seeing how well country has prospered? 25. *Ritchie*: Country has prospered under fiscal system, 75. *Fowler*: Various illustrations of social and industrial, 93-6. *Rosebery*: Sir Robert Giffen's estimate of our national capital and income, 110; our trade compared with that of Germany, France and United States, 297; no preacher of doctrine that all is well, 298. *Campbell-Bannerman*: Official inquiry has triumphantly vindicated, 121. *Goschen*: Various tests of; Prime Minister's testimony, 287, 288. *Morley*: Various

tests of; Prime Minister's testimony, 146-8. *Hamilton*: Various proofs of, 189, 192. *Harcourt*: Mr. Balfour's testimony, 239; exports not test of nation's wealth, some real tests suggested, 240.

CAUSES OF, OUTSIDE FISCAL POLICY.—*Chamberlain*: Establishment of railways, discovery of gold, a large start ahead, 163, 164, 250. *Hicks-Beach*: Recognises existence of other causes, but claims Free Trade gave free play to them, 266.

Protection. *Chamberlain*: Prosperity of other countries under, 31, 47; history of, 33; stages reached by United States, Canada, S. Africa, and Australasia, 33; colonies will maintain industries already created, 35; nobody believes protective countries will drop their system because we ask or even threaten, 42; why other countries adopted it, 47; has it succeeded? 48; why have foreign countries prospered under it? 50; prosperity of protective country increasing more rapidly than our own, 163; its effect in raising wages, 219; effect on shipping industry stated, 230; its consequences in this country, and effect of adoption of Free Trade, as stated by opponents of change, a popular delusion, 246-7; causes of crisis of 1841 explained, 247. *Balfour*: Growing in strength in foreign countries, 17; growth of in colonies, 17; domestic Free Trade in protectionist countries, 18; Free Trade a farce, if protective duties not injurious to country against which they are directed, 19; the great commercial nations of the world will not abandon Protection, nor, it is feared, will our great self-governing colonies, 20; problems raised by foreign and colonial protective policies different, 21; memory in this country of past misery under Protection, 23; object of adoption by foreign countries, 24. *Asquith*: Present day tariffs, though increased during last thirty years, mildness itself compared with tariffs when Free Trade established, 62; main articles of new creed formulated by Mr. Chamberlain, 204; protectionist arithmetic, 204; alleged prosperity of protectionist countries, 205; the two bugbears of the new Protection, 208; no Free Trader denies protectionist tariffs hindrance to world's industry, 209. *Ritchie*: Puts us in less advantageous position in neutral markets, 84; its evil effects, 86. *Fowler*: Flimsy and imaginary distinction between Mr. Balfour's policy of retaliation and Mr. Chamberlain's straightforward policy of protection, 89; special conditions of United States, 99. *Rosebery*: Protected countries do not enjoy unbroken prosperity, Mr. Carnegie's testimony on troubles of iron and steel industry in United States, 112; corruption grows up under its baneful shadow, 299. *Campbell-Bannerman*: Creates monopolies and privileges, 123. *Goschen*: Trusts only possible under, 284-8. *Morley*: Foreign countries not wiser for us than we are for ourselves, 144; quotes Mr. Bright on condition of agricultural labourers before Free Trade, 145; Protection means restriction, 151. *Hamilton*: Abandonment of, mainspring of political regeneration of Tory party, 188; Sheffield resolution indelibly stamped hall-mark of Protection on fiscal reform, 197; evil influence of, on political life, 200, 201. *Harcourt*: "The mother of dumping," 237; England under, statement at Court of Common Council in 1842, 238.

[For all references to argument that there is no finality about proposed taxes, see **Inclined Plane.**]

Quinquennial Periods. *Chamberlain*: Comparison of total trade by, 165. *Asquith*: Chamberlain's periods misleading, 208. *Ritchie*: Exports by quinquennial periods per head of population, 85.

Quotations. **BALFOUR, MR.**—*Goschen*: His confidence in our future progress, 288. *Morley*: His testimony to our present prosperity, 147; *Harcourt*: His testimony to our present prosperity, 239; his testimony as to incidence of taxation, 243-4.

BRIGHT.—*Morley*: On condition of agricultural labourers before Free Trade, 145; on evil effects of Corn Laws, 150.

CHAMBERLAIN, MR.—*Ritchie*: Mr. Chamberlain in 1882, on Mr. Ritchie's proposed trade inquiry, 77. *Rosebery*: His former view on Canadian preference, 303.

CHAMBERLAIN, MR. ARTHUR.—*Hamilton*: His opinion on effect of Protection, 200.

COBDEN.—*Chamberlain*: On trade unions in 1844, 221; Cobden in Morley's Life, 248, 250; on Canada, 254; why he adopted Free Trade, 91.

DEAKIN, MR.—*Rosebery*: "Mr. Chamberlain offers a preference," 302.

FIELDING, MR.—*Hamilton*: His views on Canadian preference to British manufacturer, 194.

GLADSTONE.—*Asquith*: His experience at Board of Trade, 1841-45 (Morley's Life), 210; his speech at Leeds, 1881, on Protection, 210. *Fowler*: Definition of bread, 97. *Campbell-Bannerman*: "The great thing is to be right" (Morley's Life), 124.

GOSCHEN, LORD.—*Chamberlain*: Speech made 12 years ago, 172.

GREY, SIR EDWARD.—*Chamberlain*: Speech at Alnwick, the question of an Imperial Council, 217.

KEIR HARDIE, MR.—*Chamberlain*: In House of Commons on Trade Unionism, 221.

LAURIER, SIR WILFRID.—*Rosebery*: On the British Empire and the principles of freedom in 1897, 118. *Morley*: His opinion that abandonment of Free Trade will limit purchasing power of people, 151.

MACARA, MR.—*Campbell-Bannerman*: His views on real basis of prosperity of cotton industry, 130.

MONTGREDIEN.—*Chamberlain*: On state of country in 1842, 249. *Rosebery*: On evil effects of Protection, 299.

PIERCE, MR. FRANKLAND.—*Hamilton*: On protective tariffs and public virtue, 201.

SIR ROBERT PEEL.—*Asquith*: Speech in 1846, reference to this country and foreign tariffs, 62. *Fowler*: Why he adopted Free Trade, 91; on retaliation, 97; his strong opposition to revival of Protection, 100, 101.

REID, MR.—*Rosebery*: On artificial preferential barriers, 302. *Goschen*: On colonial preference, 279, 280.

RHODES, CECIL.—*Chamberlain*: Letters to other Premiers, 39.

ROSEBERY, EARL OF.—Leeds speech in 1888, unity of Empire—*Chamberlain*: 37, 171, 178.

SALISBURY, THE LATE MARQUIS OF.—*Morley*: On dangerous wandering into economic error, 148.

VARIOUS.—*Chamberlain*: Disposed to say of Liberal Party as of Cleopatra, "Age cannot wither . . ." 4; "The voice of the sluggard . . ." 176; "The friends you have and their adoption tried . . ." 252. *Rosebery*: From the 'Globe' (Canada) on Canada and preferential tariffs, 303. *Goschen*: German memorial on subject of economic condition of Germany, 288. *Harcourt*: Statement made at meeting of Court of Common Council, 1842, on England under Protection, 238.

Raw Materials. *Chamberlain*: "I do not propose any tax on," 39. *Asquith*: Cannot effectively retaliate on protected countries without tax on, 63; scheme of preference lopsided, partial and invidious, unless raw materials taxed, 70. *Ritchie*: Must be taxed if colonies all treated alike, 82. *Fowler*: Raw materials and manufactured articles, how is line to be drawn between? 99. *Rosebery*: Illogical and absurd to tax food and not tax raw material, 116. *Goschen*: Why not tax? 283.

Rawson, Sir Rawson. *Rosebery*: His connection with the Imperial Federation League, 106.

Reciprocity, with Retaliation, as an alternative, see under Retaliation.

Reid, Mr. *Chamberlain*: Willing to give preference to mother country, 257. *Rosebery*: His views on artificial preferential barriers, 302. *Goschen*: His views on colonial preference, 279, 280.

Resignation of Ministers. *Chamberlain*: Mr. Chamberlain's explanation, 174. *Rosebery*: The procession of resignations from the Cabinet, 103. *Hamilton*: Story of the resignations, Mr. Chamberlain's resignation unknown to Duke of Devonshire, Lord Balfour, Mr. Ritchie and himself, 190-1.

Retaliation. *Chamberlain*: Resumption, if necessary, of policy of, an alternative to maintenance of artificial interpretation of Free Trade, 13; advocated by Adam Smith under certain conditions, 27; what we might have gained by in America, 34, and Germany, 35; foreign countries will not drop whole of protective system because we threaten, but hope will reduce duties, 42; proposal to establish, in connection with this policy of fiscal reform, average 10 per cent. duty on manufactures, 43; views on this subject more fully set forth, 46 onwards; effect of hostile tariffs on manufacturing towns, 168; what we should say to foreign countries, 176; taking it lying down, retaliation "legitimate, wise, effective," 181; method of procedure, 184; foreigner to be met with his own weapons, 217. *Balfour*: Tariff attacks can only be met by tariff replies, 15; Free Trade a farce if protective duties not injurious to country against which they are directed, 19; the great commercial nations will not abandon Protection, 20; fundamental request for Government, freedom of negotiation, a palliative, not a cure, 20; how to be used, 21, 23; no expectation of tariff war, 23; the public should publicly resume that liberty, 25; object of resuming; injuries inflicted by hostile tariffs, 25; proposed remedy though incomplete will be useful, 25. *Asquith*: Retaliation, or freedom of negotiation, provisionally the official programme, 61; futile as a weapon of offence, 62; reply to arguments in its favour, fails to understand why not at present free to negotiate, 62; effective retaliation in this country means taxing food or raw material, 63; Mr. Chamberlain's four distinct fallacies, 67; must look to natural and not artificial remedies, 72, 73; futile in 99 cases out of 100, 210. *Ritchie*: Will retaliation be beneficial to trade of country? 83; vested interests would prevent duties being taken off, 84; tariff retaliation not the only effective means of reprisal, each case should be considered by Parliament as it arises, 86. *Fowler*: Flimsy and imaginary distinction between Mr. Balfour's policy of retaliation and Mr. Chamberlain's straightforward policy of protection, 89. *Rosebery*: A half-way house to the ex-Colonial Secretary's more logical home, 104; nothing to prevent its being carried out now, the power to use Orders in Council, 105. *Campbell-Bannerman*: An obvious make-shift, 124; does not beat down tariffs, 125; a game of bluff with the world, to be effective must tax food and raw material, 126. *Goschen*: Not averse to heroic legislation in special cases, 277. *Morley*: How it will affect Chancellor of Exchequer, 149; a very dangerous game, 152. *Hamilton*: Ready to consider special circumstances when British industry illegitimately attacked, 188; the Prime Minister's contentions traversed; Sheffield resolution indelibly stamped hall-mark of Protection on fiscal reform, 197; irrevocable nature of the change, 201-2. *Harcourt*: War of tariffs will cost more than Boer War, 234; only a stop gap, 234. *Hicks-Beach*: If great industry illegitimately attacked, question must be dealt with, 264.

Rhodes, Cecil. *Chamberlain*: Suggested reciprocal preference, 39.

Ritchie, Mr. *Chamberlain*: His Fair Trade resolution of 1882, 176; his attitude towards Canadian request for drawback on corn tax, 179; Government could not lose Chancellor of Exchequer day before budget, 180; *Ritchie*: His proposed inquiry into state of trade by Select Committee in 1882, 77; his declaration to Prime Minister when appointed to Chancellorship, 78; his Cabinet Paper on colonies and Dumping, 85. *Rosebery*: His part in all these transactions, 107.

Rosebery, Earl of. *Chamberlain*: Leeds Speech in 1888, 38; 171; 178. *Rosebery*: His Burnley Speech, 108.

Royal Commission. *Ritchie*: Proposal to refer to, 77.

Russia. *Asquith*: The most rigidly protected country in whole world, 63; proportion of food-stuffs and raw material in our total imports from, 64.

Sacrifice. *Chamberlain*: Is not actual and potential trade worth sacrifice, if sacrifice necessary, 35; past sacrifices for the Empire, 37; Lord Rosebery, in 1888, quoted as considering sacrifice necessary to obtain Empire encircling globe with bond of commercial unity and peace, 38; would not hesitate to call for sacrifice, but does not believe there will be any; plan will involve no sacrifice, 160; colonies not called on for any sacrifice, 161. *Asquith*: Two objects, unity of Empire, prosperity

of United Kingdom, one must not be sought at expense of the other, 64; increased cost of bread and meat in this country too much to ask, 212. *Hamilton*: Imperialism cannot be dissociated from economics, development of Imperial unity must be regulated by cost of burden, 187. *Rosebery*: Would at once favourably consider, without too much reference to political economy, any proposition which would have effect of keeping Empire from impending dissolution, 113.

Salisbury, the late Marquis of. *Morley*: His fear of dangerous wandering into economic error, 148.

Samuel, Mr. Herbert. *Fowler*: His inquiry as to exports in recent years on basis of 1873 values, 92.

Savings Banks. *Asquith*: Deposits multiplied two and three-fold last 30 years, 65. *Fowler*: Progressive increase in deposits, 94. *Rosebery*: Aggregate of accumulated savings of working classes, 298. *Morley*: Increase in deposits since 1861, 147.

'Scotsman.' *Fowler*: Its argument as to effect of corn duty in France on prices, 98.

Shipping Industry. *Chamberlain*: One of our greatest exports, 225; Mr. Norman Hill's pamphlet, 225; British and foreign shipping compared in respect of tonnage entered and cleared, and tonnage built, 225; bounties and subsidies, 227; regulations affecting British and foreign ships, 227; British ships excluded from foreign coasting trade, 228; New Zealand coasting trade, 229; effect of proposed policy on; colonial trade stimulated; character of cargoes may be somewhat altered, 230. *Asquith*: Value of services rendered by British shipping; increased tonnage, and comparison with U.S. shipping, 66, 206-7. *Ritchie*: Effect of retaliatory duties on shipping, 84; increase in British tonnage, 85. *Goschen*: Services paid for in imports, 286; expansion of industry, 291; its legitimate grievances, 291; disadvantages to, of new policy, 291. *Morley*: Increase in British tonnage since 1861, 147.

Sidgwick, Professor. *Chamberlain*: Supports doctrine that tax on imports paid by foreigner, 41; supports view that consumer pays for whole of import duty only under very exceptional circumstances, 167.

Silk. *Chamberlain*: "Is gone," 55.

Smith, Adam. *Chamberlain*: Anticipated many of our modern conditions, 27. *Rosebery*: We are told to discard Adam Smith, 107.

South Africa. *Chamberlain*: 9; colonies have agreed to give preference of 25 per cent., 179; whole British community in favour of preference, 257. *Asquith*: South Africa will derive no benefit from Mr. Chamberlain's scheme, 70. *Hicks-Beach*: Premiers of South African colonies willing to give preference without asking similar grant in return, 272; can only give South Africa preference by taxing raw materials, 275.

Spirits. *Fowler*: Why customs and excise duties both payable on, 90.

Stanley, Lord. *Rosebery*: His present position, 104.

Sugar. *Chamberlain*: Half of duty to be taken off, 40. *Asquith*: Duty not permanent, but war tax, 71; why take credit for removing duty on, if consumer does not pay taxes? 213. *Ritchie*: Sugar duty was raised for war purposes, 80. *Fowler*: A war tax, amount of duty, 97. *Rosebery*: Remission of war duty anticipated in this year's budget, 109. *Goschen*: Remission of tax on, will not counterbalance new food taxes, 137; a war tax, 137; what is plan of Government in meantime? 293. *Harcourt*: Entitled to remission without new taxes, 243. *Hicks-Beach*: Why amount of duty was fixed at 4s. 2d., 271.

Sugar Bounties Bill. *Asquith*: A measure of retaliation, 62. *Hicks-Beach*: Approved of Sugar Convention, 264.

Sugar Refining. *Chamberlain*: Effect on, of bounties and unfair competition, 53; a staple industry destroyed by free imports, 55; once great trade gone, 258. *Hicks-Beach*: Attacked by illegitimate competition, 264.

Sweden. *Chamberlain*: Increase of prosperity consequent on adoption of policy of retaliation, 163. *Asquith*: Mr. Bayley's testimony, 206.

Tariff Wars. FRANCE V. ITALY.—*Ritchie*: 83. *Hamilton*: 198.
ITALY V. SWITZERLAND.—*Ritchie*: 84.
FRANCE V. SWITZERLAND.—*Hamilton*: 199.
RUSSIA V. GERMANY.—*Hamilton*: 199.

Tariffs, Hostile, see RETALIATION.

Tarte, Mr. *Chamberlain*: In favour of preferential system, 256.

Taxation. *Chamberlain*: Scientific taxation substitution for profitless, 43. *Asquith*: Difference between revenue and protective, 70. *Fowler*: On foreign imports, either prohibitory or protective, 89; taxes for revenue purposes only a cardinal Free Trade doctrine, 90. *Campbell-Bannerman*: Increase of normal, under Unionist Government, 127. *Hicks-Beach*: No excise duty to be imposed on new articles subject to taxation, 271; what scientific taxation is, 271.

Taxation. Incidence of. *Chamberlain*: Small taxes on food paid by foreigner, 41; proportion paid by foreigner and consumer, 41; so-called economic fact, that consumer pays whole, utterly disbelieved and challenged, Lord Goschen answered, 167-9; convinced not more than half proposed new taxes would be borne by consumer, 169. *Asquith*: Mr. Chamberlain has made no serious attempt to answer Lord Goschen; why exempt maize and bacon, and why take credit for removing tax on sugar and tea? 213. *Ritchie*: If consumer does not pay, no preference to colonies, 79. *Goschen*: Question discussed, 134-6; reply to Mr. Chamberlain's reply, 282-5. *Harcourt*: "Making the foreigner pay," 243; Mr. Balfour's testimony quoted, 244. *Hicks-Beach*: Cases in which the duty might be paid by nobody, 269; general question discussed, 270.

Taxation. Transfer of. *Chamberlain*: Plan only involves a, 160; to be made to benefit kinsmen across the sea, 161; what it will effect, 161; under no circumstances can cost working men anything, and may benefit 2d. or 3d. a week, 160. *Goschen*: New taxes not compensated for by proposed remissions, 137. *Hamilton*: Will proposed new taxes be compensated for by increased drinking of tea? 193. *Harcourt*: The kind of transfer there would be, 243. *Hicks-Beach*: Proposed remissions will not make up for increased cost of bread, 270.

Taxes, Proposed New. FINANCIAL ASPECTS OF NEW POLICY.—*Chamberlain*: Loss on readjustment of taxation and how to be made up. *Asquith*: Difference between amount paid by consumer and received by Exchequer, 71. *Ritchie*: Loss to Exchequer involved in new taxes, 80. *Fowler*: Effect on food supplies, 98. *Morley*: Will increase cost of production and reduce purchasing power, 149, 150. *Hamilton*: New taxes would impose increased burden of £10,500,000 on mother country, 194; financial results of scheme discussed, 196. *Harcourt*: Mr. Chamberlain's budget criticised, 243.

Tea. *Chamberlain*: Three-fourths of duty to be taken off, 40; 1d. will buy what previously could be bought for 2d., 161. *Asquith*: Duty not permanent, but war tax, 71; effect of reduction of duty on selling-price of tea, 204; why take credit for removing if consumer does not pay taxes? 213. *Ritchie*: Tea duty was raised for war purposes, 80. *Fowler*: No mistake as to who pays duty on, 90; a war tax, amount of duty, 97. *Rosebery*: Remission of war duty anticipated in this year's budget, 109. *Goschen*: Remission of tax on, will not counter-balance new food taxes, 137; a war tax, 137; what is plan of Government in meantime? 293. *Harcourt*: Entitled to remission without new taxes, 243. *Hicks-Beach*: India and Ceylon entitled to preference as much as Canada; what becomes of tea duty? 275.

Thomas, Mr. D. A. *Asquith*: On the destination of coal exported, 209.

Timber. *Asquith*: Canadian lumbermen will get no advantage unless raw material taxed, 70. *Rosebery*: Canadian lumbermen not filled with enthusiasm by preference given to wheat, 115. *Hamilton*: Canadian lumberman gets no advantage under present scheme, 193. *Hicks Beach*: How will Canadian lumbermen benefit? 275.

'Times,' The. *Chamberlain*: Letters in, on American Steel Trust, 51; on Mr. Cobden, 253. *Fowler*: Its reference to two consummate whist players, 88. *Rosebery*: Says the new appointments make for efficiency, 103; reprints his Burnley speech, 108; its criticism of figures proving our national prosperity, 110; letter in, from Mrs. Tighe Hopkins on action of small trader, 297. *Morley*: Letter in, quoting Mr. Morley on Sir Robert Walpole and his excise scheme, 153. *Harcourt*: Its reference to two skilful card players, 233.

Tinplate Trade. *Chamberlain*: The United States tariff, 34. *Asquith*: Effect of McKinley tariff on, 210. *Fowler*: Illustrates elasticity of Free Trade system, 95. *Rosebery*: Mr. Chamberlain's policy and Sir John Jenkins's testimony, 116. *Goschen*: A tinplate story: how prices are affected by tariffs, action of American Tinplate Trust, 284. *Harcourt*: A good deal revived in South Wales, 238.

Tobacco. *Fowler*: No mistake as to who pays duty on, 90; tax less than before war, 97.

Trade. COMPARISON BETWEEN OUR FOREIGN AND COLONIAL.—*Chamberlain*: As Colonial trade increased, so foreign trade decreased, 6, 159, 216; duty to promote Colonial trade even at expense of foreign, 7; exports of manufactures, 32; colonists and foreigners as customers, 252. *Rosebery*: Asked to imperil three-fourths of our foreign trade to secure illusory sixteen millions of colonial trade, 109.

IMPERIAL TRADE.—*Chamberlain*: Absolutely essential to our prosperity, 32.

INTERNATIONAL TRADE.—*Goschen*: the subject discussed, 286. *Hamilton*: "We are the monetary creditors of the world," 199. *Hicks-Beach*: Its wonderful ramifications: how proposed new taxes would affect our trade in neutral markets, 268.

VARIOUS.—*Chamberlain*: Sees signs of decay in, 30; change in character of, 159; total trade in quinquennial periods compared, 165; Mr. Asquith's gigantic mistake, 166. *Balfour*: Growing uneasiness as to condition of British trade in relation to trade of world, 15. *Asquith*: Chamberlain's spectre, practically stagnant trade for thirty years, combatted, 65; oversea trade compared by decennial periods, 66; imports and exports taken together, true measure of trade, 66; the real enemies of British trade, 72; Mr. Chamberlain's quinquennial periods misleading, 208; answer to his charge of having made a gigantic mistake, 208; decay of particular trades mainly due to other causes than hostile tariffs, 209. *Fowler*: No indication of falling off in total trade, 93, 96; test of proportion of trade per head, 93; progressive increase of trade profits, 94. *Rosebery*: Aggregate trade of four great trade nations of world compared, 297. *Campbell-Bannerman*: Vigour and elasticity of British trade triumphantly vindicated by official inquiry, 121. *Goschen*: Why our trade is threatened by the Germans, 291. *Hamilton*: Progressive increase in total external trade during recent years, 189. *Harcourt*: Is trade decaying? Statement at Court of Common Council in 1842, 238. *Hicks-Beach*: No signs of decay in our total or in our home trade; growth of imports sign of increasing wealth, 266.

Trade Unionism. *Chamberlain*: Why trade unionists should support the proposals, 218; resolution of the Congress of, 220; officials and Cobden Club, 221; trade unionism irreconcilable with Free Trade, 221, 222; legitimate objects of trade unionism, 222. *Campbell-Bannerman*: Trade unionism and tariff protection, 130. *Harcourt*: Reply to Mr. Chamberlain's criticism of representatives, 235.

Troglodytes, Political. *Chamberlain*: 3; 164.

Trusts. *Chamberlain*: Interview in "Philadelphia Ledger" with director of American Steel Trust, 51. *Balfour*: Developed under protective tariffs, 19; danger to this country in alliance of trusts and tariffs, 19. *Goschen*: Action of American Tinplate

Trust; such trusts only possible under protection, 284; no reason for panic at threatened invasion of, 288; they are the children of protection, 288.

Tyneside. *Asquith*: Progress during last thirty years, 207.

Unionist Party. *Chamberlain*: His unconcern at confusion and disaster predicted for, 3. *Rosebery*: Appeal to Free Trade and Free Food Unionists to keep in close touch with others fighting for Free Trade, 305. *Campbell-Bannerman*: Party divided into two camps, 123. *Morley*: Power to be placed in hands of Mr. Redmond, 154.

United States. **TRADE.**—*Chamberlain*: Increase of exports between 1872 and 1902, 31; our trade with, 56; home trade by itself would ensure prosperity, 56; proposed preferential arrangement with Cuba, 229; Cobden's prediction that workmen in factories would dig, delve, and plough for us, 251. *Balfour*: All restriction on Free Trade abolished within the ambit of the American Commonwealth, 19. *Asquith*: Imports from United Kingdom, annual average, 1896–1900, compared with imports from Germany, 63; the home markets of the United States, 63, 210; proportion of food stuffs and raw material in our total imports from United States, 64. *Rosebery*: Her proportion of aggregate trade of four great trade nations of the world, 297. *Hamilton*: We cannot oust her from her share of Canadian import trade, 194. *Hicks-Beach*: Effect of great natural advantages on export trade, 267.

VARIOUS.—*Chamberlain*: Emigration to Canada, 6; argument that conditions do not admit of comparison, 163; Cobden's prediction that American workmen in factories would go back to land, 251. *Asquith*: With exception of Russia the most rigidly protected market in whole world, 63; shipping tonnage has decreased while British tonnage has increased, 66, 207; influence of decreased tonnage on trade returns, 206. *Ritchie*: Possible resentment at proposed corn tax, 82; decrease in shipping tonnage, 85. *Fowler*: Her special conditions, absolute inter-state Free Trade, 99; differential treatment of Canada likely to impair our friendly relations with, 100. *Rosebery*: Has longer hours of labour than United Kingdom, 111; no general comparison possible with the United States, 111; possible effect of emigration to Canada on unity of empire, 304. *Campbell-Bannerman*: History of origin of present tariff, 125. *Goschen*: United States and our food supplies in peace and in war, 281. *Morley*: Conditions different from ours, 144. *Hicks-Beach*: Difficulties in preventing United States from fraudulently availing itself of Canadian preference, 272; Cobden's prediction, 273.

Veldt, the Illimitable. *Chamberlain*: Calm induced by, 3.

Vincent, Sir Howard. *Fowler*: The apotheosis of, 88.

Wages. *Chamberlain*: Gain from transference to this country of present foreign trade with colonies, 36; loss of, due to increase of manufactured imports, 53; loss of, due to increase in imports and decline in exports of manufactures, 165; effect of protection in raising, 219; loss of, on foreign contracts, 223. *Asquith*: Rise in wages during last thirty years, 65; criticism of Mr. Chamberlain's calculations of loss of wages, 211. *Ritchie*: Working man better wages here than in any Continental country, 86. *Fowler*: Have steadily advanced during last twenty years, 93. *Rosebery*: Of Dorsetshire labourer and Paisley artisan in 1849, 111. *Goschen*: Wages in German fiscal paradise 20 per cent. less than here, 140; Mr. Chamberlain's argument of loss of, due to imports, criticised, 289. *Morley*: Have risen 15 per cent. during last twenty-five years, 147. *Hamilton*: Increase in rate of during recent years, 189; rise during last twenty-five years 12 per cent., 192. *Harcourt*: Wages in Free Trade England highest in Europe, 236; average income in cotton trade, average wages in fifteen skilled trades, in Germany, France and England, 236.

Walpole, Sir Robert. *Morley*: His abandonment of excise scheme, no analogy with present situation, 153.

War Taxes. *Asquith*: Sugar and tea duties not permanent, but war taxes, 71. *Ritchie*: Sugar and tea duties were raised for war purposes, 80. *Fowler*: Should be

remitted when specific purpose satisfied, 97. *Rosebery*: Their removal anticipated in this year's budget, 109. *Goschen*: Their remission should be independent of great plan; embarrassing position of Chancellor of the Exchequer, 137-8; what is the plan of the Government as to these taxes? 293. *Harcourt*: Entitled to their remission without any new taxes, 243.

Wheat. PRICE OF, IN RELATION TO IMPORT DUTIES.—*Chamberlain*: Answer to Lord Goschen's criticism concerning rise in prices in Germany and France, 168; price of, in this country in 1846 and subsequently, 249. *Ritchie*: Effect on prices in Germany and France, 79. *Fowler*: In Germany and France, 98. *Goschen*: Average price in this country compared with price in France and Germany, 133; effect of import duties on prices in France and Germany, 136; reply to Mr. Chamberlain's reply, 284-5.

VARIOUS. *Goschen*: Cost of freight from New York to Liverpool, compared with proposed new duty, 140; effect of world markets on our supplies, 281.

Whiteley, Mr. Morley: His illustration of effect of proposed taxes, 150.

Wines. *Chamberlain*: Colonial to be given substantial preference, 40; preference on, refused by Sir Michael Hicks-Beach, 254.

Woollen Trade. *Chamberlain*: Effect on, of McKinley Tariff, 167.

Working Classes. *Chamberlain*: Masters electorally, 32; change in views of, on going to Colonies, 33; threatened above all others by foreign trade relations, 49; suffering has been nothing to what it will be, 51; efforts to ameliorate condition of, by industrial legislation, good in themselves, but futile if unfair competition encouraged, 50-6, 221-4; decision rests with the people—Burke's remark, 58; proportion of workmen in receipt of pauper relief when 65 years of age, 162; why working men should support the proposals, 218; the most numerous class, 218; now, as always, patriots, 219; employment the whole problem for, 219; neither represented nor consulted when Free Trade carried out, 219-245. *Balfour*: Danger of alliance between trusts and capital will fall with heaviest weight on, 19. *Asquith*: Comparison of position with that of German working classes, 65. *Ritchie*: Position in this country and in Germany compared, 86. *Fowler*: Their position compared with 20 years ago, 93. *Rosebery*: Condition of Dorset labourer and Paisley artisan in 1849, 111; material well-being of working classes weighed against the conception of Empire, 117; their accumulated savings, 297. *Goschen*: Fed more cheaply here than in France or Germany, 134; proposed transfer of taxation constitutes bargain with, 139; wages 20 per cent. lower in Germany than here, 140. *Hamilton*: Can any Government adhere to bargain made with? 196. *Harcourt*: When Free Trade introduced, spirit of working classes demanded it (reply to Mr. Chamberlain), 235; every labour leader in House of Commons hostile to taxation of food, 235.

Working Man's Budget. *Chamberlain*: Effect on, of proposed transfer of taxation, 41; possible gain, 2d. per week in case of agricultural labourer, and 2½d. per week in case of town artisan, 42; astonishing equality of expenditure, 161. *Asquith*: Accuracy of Mr. Chamberlain's estimates entirely disputed, 71. *Goschen*: Mr. Chamberlain's figures criticised, 136.

World Markets. *Goschen*: Effect on our food supplies, 281.

Year 1872. *Chamberlain*: Trade in 1902 compared with trade in 1872, 31; 'Glasgow Herald' criticism answered, 48; Mr. Asquith's criticism answered, 164. *Asquith*: Selection of year 1872 criticised, 67; reply to Mr. Chamberlain's answer. 207. *Ritchie*: Criticises selection of year 1872, 85. *Fowler*: 1872 a boom year, 92. *Rosebery*: Selection of the year unfortunate, 110. *Campbell-Bannerman*: Mr. Chamberlain's audacity in taking 1872 as standard year of former prosperity, 122.

Zanzibar. *Chamberlain*: German and British trade with, 227.

Zollverein. *Fowler*: The only possible proposition, colonies not prepared to entertain it, 96.

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